

ModernGraham Valuation

Company Name:

Company Ticker MJN
Date of Analysis

Mead Johnson
Nutrition CO

11/19/2015



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$16,306,786,640	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.04	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	111.23%	Pass
6. Moderate PEmg Ratio	PEmg < 20	25.42	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	47.55	Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	2.04	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.48	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.26
MG Growth Estimate	6.42%
MG Value	\$69.59
MG Value based on 3% Growth	\$47.28
MG Value based on 0% Growth	\$27.72
Market Implied Growth Rate	8.46%

MG Opinion

Current Price	\$82.87
% of Intrinsic Value	119.09%
Opinion	Overvalued

Stage 3: Information for Further Research

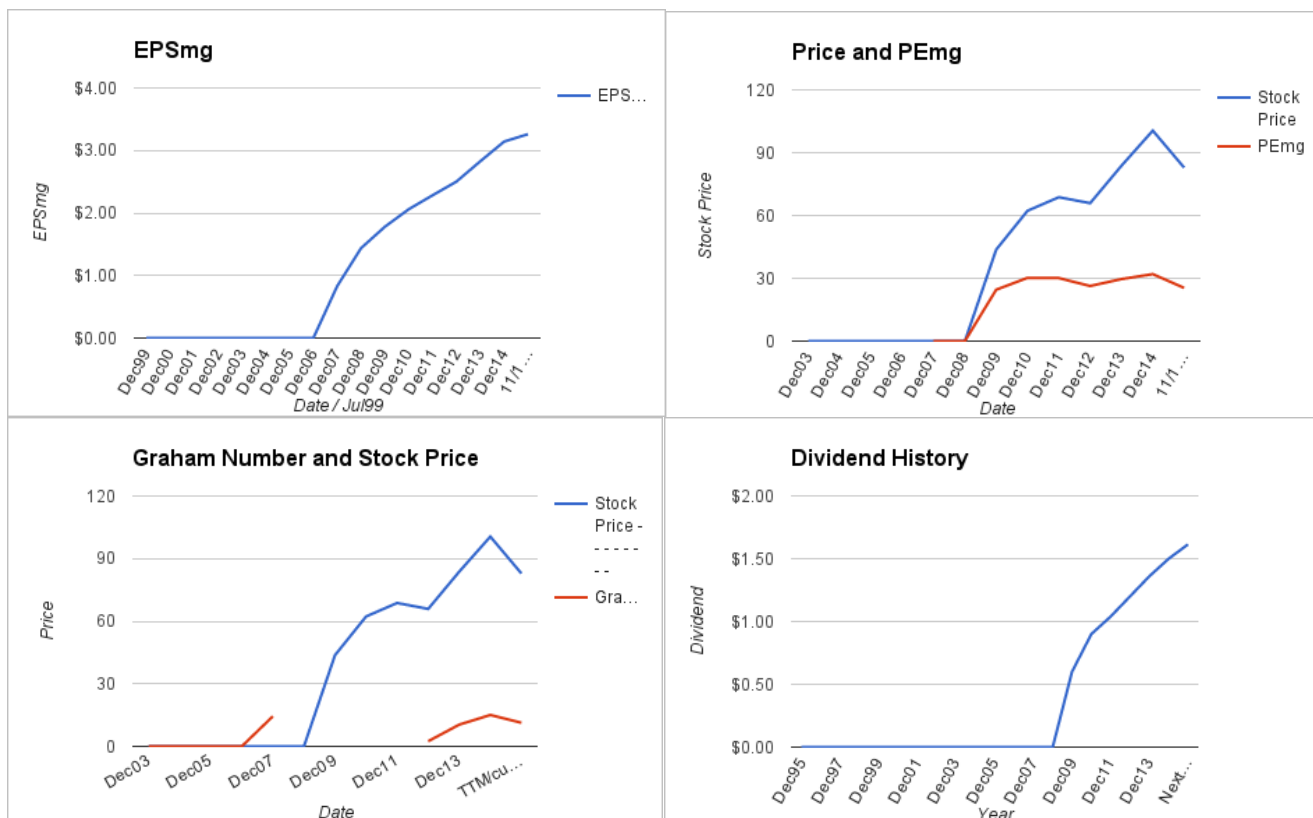
Net Current Asset Value (NCAV)	-\$4.91
Graham Number	\$11.30
PEmg	25.42
Current Ratio	2.04
PB Ratio	47.55
Dividend Yield	1.95%
Number of Consecutive Years of Dividend Growth	7

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.26	Next Fiscal Year Estimate	\$3.26
Dec14	\$3.54	Dec14	\$3.14
Dec13	\$3.36	Dec13	\$2.83
Dec12	\$2.95	Dec12	\$2.50
Dec11	\$2.47	Dec11	\$2.28
Dec10	\$2.20	Dec10	\$2.06
Dec09	\$1.99	Dec09	\$1.78
Dec08	\$2.32	Dec08	\$1.44
Dec07	\$2.49	Dec07	\$0.83
Dec06	\$0.00	Dec06	\$0.00
Dec05	\$0.00	Dec05	\$0.00
Dec04	\$0.00	Dec04	\$0.00
Dec03	\$0.00	Dec03	\$0.00
Dec02	\$0.00	Dec02	\$0.00
Dec01	\$0.00	Dec01	\$0.00
Dec00	\$0.00	Dec00	\$0.00
Dec99	\$0.00	Dec99	\$0.00
Dec98	\$0.00	Balance Sheet Information Sep15	
Dec97	\$0.00	Total Current Assets	\$2,435,200,000
Dec96	\$0.00	Total Current Liabilities	\$1,193,600,000
Dec95	\$0.00	Long-Term Debt	\$1,839,300,000
		Total Assets	\$3,777,900,000
		Intangible Assets	\$212,000,000
		Total Liabilities	\$3,426,400,000
		Shares Outstanding (Diluted Average)	201,700,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other
ModernGraham
posts about the
company

[The Best Companies of the Food Processing Industry – October 2015](#)
[15 Best Stocks For Value Investors This Week – 8/22/15](#)
[Mead Johnson Nutrition Analysis – August 2015 Update \\$MJN](#)
[30 Companies in the Spotlight This Week – 5/23/15](#)
[Mead Johnson Nutrition Company Quarterly Valuation – May 2015 \\$MJN](#)

Other
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companies

[Archer Daniels Midland Valuation – November 2015 Update \\$ADM](#)
[The Best Companies of the Food Processing Industry – October 2015](#)
[J.M. Smucker Company Valuation – October 2015 Update \\$SJM](#)
[Keurig Green Mountain Inc. Valuation – October 2015 Update \\$GMCR](#)
[Monster Beverage Corporation Analysis – October 2015 Update \\$MNST](#)
[B&G Foods Inc. Analysis – September 2015 Update \\$BGS](#)
[Hormel Foods Corporation Analysis – September 2015 Update \\$HRL](#)
[Dr Pepper Snapple Group Inc Analysis – September 2015 Update \\$DPS](#)
[Sysco Corporation Analysis – September 2015 Update \\$SY](#)
[Coca-Cola Enterprises Inc. Analysis – September 2015 Update \\$CCE](#)