

ModernGraham Valuation



Company Name:

Keurig Green
Mountain Inc

Company Ticker GMCR

Date of Analysis

1/30/2016

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	\$13,317,180,014	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.52	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
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	1234.65%	Pass
6. Moderate PEmg Ratio	PEmg < 20	27.53	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	5.11	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	2.52	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.49	Pass
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	\$3.24
MG Growth Estimate	15.00%
MG Value	\$124.82
MG Value based on 3% Growth	\$47.01
MG Value based on 0% Growth	\$27.56
Market Implied Growth Rate	9.51%

MG Opinion

Current Price	\$89.25
% of Intrinsic Value	71.50%
Opinion	Undervalued

Stage 3: Information for Further Research

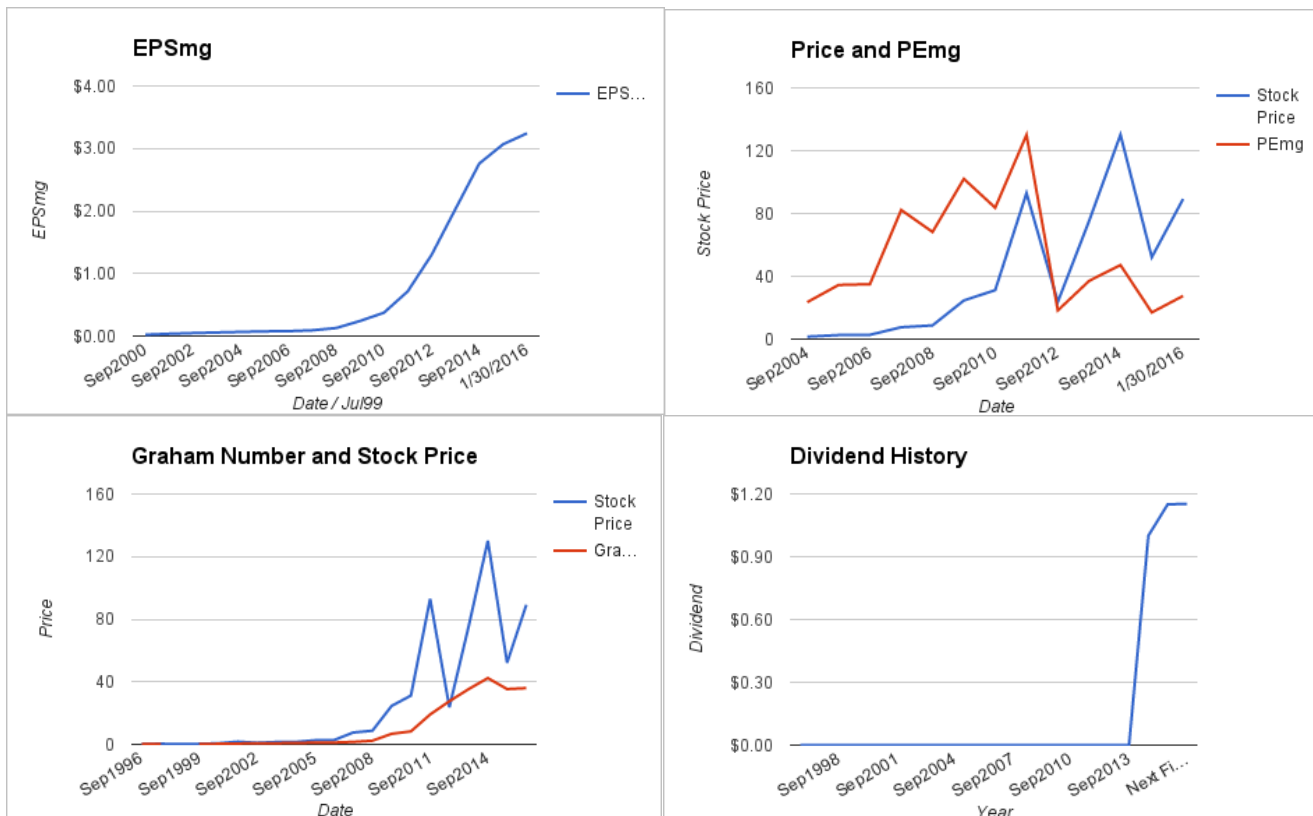
Net Current Asset Value (NCAV)	\$1.45
Graham Number	\$35.96
PEmg	27.53
Current Ratio	2.52
PB Ratio	5.11
Dividend Yield	1.29%
Number of Consecutive Years of Dividend Growth	3

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	\$3.25	Next Fiscal Year Estimate	\$3.24
Sep2015	\$3.14	Sep2015	\$3.07
Sep2014	\$3.74	Sep2014	\$2.76
Sep2013	\$3.16	Sep2013	\$2.03
Sep2012	\$2.28	Sep2012	\$1.30
Sep2011	\$1.31	Sep2011	\$0.71
Sep2010	\$0.58	Sep2010	\$0.37
Sep2009	\$0.45	Sep2009	\$0.24
Sep2008	\$0.19	Sep2008	\$0.13
Sep2007	\$0.12	Sep2007	\$0.09
Sep2006	\$0.08	Sep2006	\$0.08
Sep2005	\$0.09	Sep2005	\$0.07
Sep2004	\$0.08	Sep2004	\$0.07
Sep2003	\$0.06	Sep2003	\$0.06
Sep2002	\$0.06	Sep2002	\$0.05
Sep2001	\$0.06	Sep2001	\$0.04
Sep2000	\$0.04	Sep2000	\$0.02
Sep1999	\$0.03	Balance Sheet Information Sep2015	
Sep1998	-\$0.01	Total Current Assets	\$1,517,203,000
Sep1997	\$0.01	Total Current Liabilities	\$602,124,000
Sep1996	\$0.01	Long-Term Debt	\$447,953,000
		Total Assets	\$4,001,577,000
		Intangible Assets	\$1,171,293,000
		Total Liabilities	\$1,292,219,000
		Shares Outstanding (Diluted Average)	155,275,000





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](#)
- [5 Undervalued Companies with a Low Beta – August 2015](#)
- [5 Undervalued Companies for Enterprising Investors Near 52 Week Lows – July 2015](#)
- [The 20 Best Stocks For Value Investors This Week – 7/25/15](#)
- [5 Undervalued Companies with a Low Beta – July 2015](#)

Other
ModernGraham
posts about related
companies

- [Monster Beverage Corp Valuation – January 2016 Update \\$MNST](#)
- [Monster Beverage Corp Valuation – January 2016 Update \\$MNST](#)
- [Mead Johnson Nutrition Co Valuation – November 2015 Update \\$MJN](#)
- [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](#)