

ModernGraham Valuation

Company Name:

L Brands Inc

Company Ticker LB

Date of Analysis

1/7/2016



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	\$27,358,055,915	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.06	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	149.53%	Pass
6. Moderate PEmg Ratio	PEmg < 20	28.48	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	-43.42	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	2.06	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.14	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	\$3.39
MG Growth Estimate	10.01%
MG Value	\$96.68
MG Value based on 3% Growth	\$49.14
MG Value based on 0% Growth	\$28.80
Market Implied Growth Rate	9.99%

MG Opinion

Current Price	\$96.52
% of Intrinsic Value	99.84%
Opinion	Fairly Valued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$17.10
Graham Number	#NUM!
PEmg	28.48
Current Ratio	2.06
PB Ratio	-43.42
Dividend Yield	1.91%
Number of Consecutive Years of Dividend Growth	5

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	\$3.98	Next Fiscal Year Estimate	\$3.39
Jan15	\$3.50	Jan15	\$3.01
Jan14	\$3.05	Jan14	\$2.65
Jan13	\$2.54	Jan13	\$2.28
Jan12	\$2.70	Jan12	\$2.03
Jan11	\$2.42	Jan11	\$1.67
Jan10	\$1.37	Jan10	\$1.34
Jan09	\$0.65	Jan09	\$1.38
Jan08	\$1.89	Jan08	\$1.70
Jan07	\$1.68	Jan07	\$1.54
Jan06	\$1.66	Jan06	\$1.42
Jan05	\$1.47	Jan05	\$1.26
Jan04	\$1.36	Jan04	\$1.12
Jan03	\$0.96	Jan03	\$1.21
Jan02	\$1.16	Jan02	\$1.39
Jan01	\$0.91	Jan01	\$1.48
Jan00	\$0.93	Jan00	\$1.69
Jan99	\$4.15	Balance Sheet Information Oct15	
Jan98	\$0.39	Total Current Assets	\$3,564,000,000
Jan97	\$0.77	Total Current Liabilities	\$1,728,000,000
Jan96	\$1.34	Long-Term Debt	\$5,762,000,000
		Total Assets	\$7,969,000,000
		Intangible Assets	\$1,729,000,000
		Total Liabilities	\$8,627,000,000
		Shares Outstanding (Diluted Average)	296,000,000





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.

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[American Eagle Outfitters Valuation – November 2015 Update \\$AEO](#)
[Hanesbrands Inc. Valuation – November 2015 Update \\$HBI](#)
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