

ModernGraham Valuation

Company Name:

Company Ticker ADM
Date of Analysis

Archer Daniels
Midland Company

2/4/2016



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	\$19,907,789,998 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.63 Fail
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	-5.69% Fail
6. Moderate PEmg Ratio	PEmg < 20	13.70 Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.18 Pass

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	1.63 Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.65 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	Fail

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.50
MG Growth Estimate	-2.33%
MG Value	\$9.59
MG Value based on 3% Growth	\$36.24
MG Value based on 0% Growth	\$21.24
Market Implied Growth Rate	2.60%

MG Opinion

Current Price	\$34.25
% of Intrinsic Value	357.16%
Opinion	Overvalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$0.05
Graham Number	\$38.18
PEmg	13.70
Current Ratio	1.63
PB Ratio	1.18
Dividend Yield	3.15%
Number of Consecutive Years of Dividend Growth	20

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	\$2.18	Next Fiscal Year Estimate	\$2.50
Dec2014	\$3.43	Dec2014	\$2.67
Dec2013	\$2.02	Dec2013	\$2.36
Jun2012	\$1.84	Jun2012	\$2.58
Jun2011	\$3.13	Jun2011	\$2.96
Jun2010	\$3.00	Jun2010	\$2.83
Jun2009	\$2.62	Jun2009	\$2.65
Jun2008	\$2.79	Jun2008	\$2.47
Jun2007	\$3.30	Jun2007	\$2.10
Jun2006	\$2.00	Jun2006	\$1.39
Jun2005	\$1.59	Jun2005	\$1.01
Jun2004	\$0.76	Jun2004	\$0.70
Jun2003	\$0.70	Jun2003	\$0.64
Jun2002	\$0.78	Jun2002	\$0.58
Jun2001	\$0.55	Jun2001	\$0.49
Jun2000	\$0.45	Jun2000	\$0.50
Jun1999	\$0.35	Jun1999	\$0.51
Jun1998	\$0.59	Balance Sheet Information Sep2015	
Jun1997	\$0.54	Total Current Assets	\$23,045,000,000
Jun1996	\$0.99	Total Current Liabilities	\$14,130,000,000
Dec1995	\$0.00	Long-Term Debt	\$5,829,000,000
		Total Assets	\$40,877,000,000
		Intangible Assets	\$3,213,000,000
		Total Liabilities	\$23,014,000,000
		Shares Outstanding (Diluted Average)	615,000,000





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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