

# ModernGraham Valuation

Company Name:

Moody's Corporation

Company Ticker MCO

Date of Analysis

2/16/2016



## 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	\$17,365,833,316	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.66	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	127.04%	Pass
6. Moderate PEmg Ratio	PEmg < 20	19.00	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	-51.14	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	2.66	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.68	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

<b>Defensive</b>	<b>Yes</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$4.41
MG Growth Estimate	11.86%
<b>MG Value</b>	<b>\$142.01</b>
MG Value based on 3% Growth	\$63.90
MG Value based on 0% Growth	\$37.46
Market Implied Growth Rate	5.25%

### MG Opinion

Current Price	\$83.72
% of Intrinsic Value	58.96%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>B</b>

## Stage 3: Information for Further Research

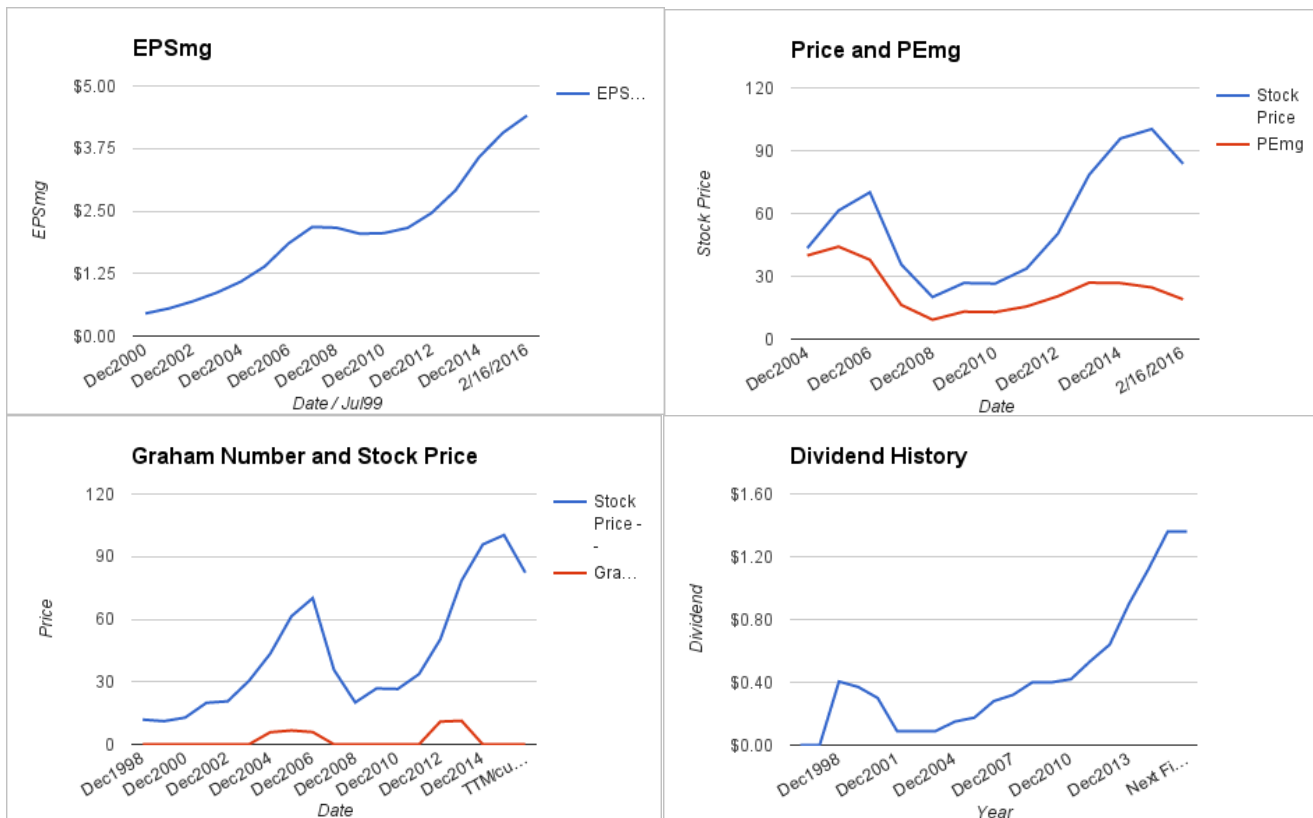
Net Current Asset Value (NCAV)	-\$10.88
Graham Number	\$0.00
PEmg	19.00
Current Ratio	2.66
PB Ratio	-51.14
Dividend Yield	1.62%
Number of Consecutive Years of Dividend Growth	7

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.70	Next Fiscal Year Estimate	\$4.41
Dec2015	\$4.63	Dec2015	\$4.07
Dec2014	\$4.61	Dec2014	\$3.58
Dec2013	\$3.60	Dec2013	\$2.91
Dec2012	\$3.05	Dec2012	\$2.46
Dec2011	\$2.49	Dec2011	\$2.16
Dec2010	\$2.15	Dec2010	\$2.06
Dec2009	\$1.69	Dec2009	\$2.04
Dec2008	\$1.87	Dec2008	\$2.17
Dec2007	\$2.58	Dec2007	\$2.18
Dec2006	\$2.58	Dec2006	\$1.85
Dec2005	\$1.84	Dec2005	\$1.39
Dec2004	\$1.40	Dec2004	\$1.09
Dec2003	\$1.19	Dec2003	\$0.87
Dec2002	\$0.92	Dec2002	\$0.70
Dec2001	\$0.66	Dec2001	\$0.55
Dec2000	\$0.49	Dec2000	\$0.45
Dec1999	\$0.48	<b>Balance Sheet Information Dec2015</b>	
Dec1998	\$0.82	Total Current Assets	\$3,243,100,000
Dec1997	\$0.00	Total Current Liabilities	\$1,218,500,000
Dec1996	\$0.00	Long-Term Debt	\$3,401,000,000
		Total Assets	\$5,123,400,000
		Intangible Assets	\$0
		Total Liabilities	\$5,456,400,000
		Shares Outstanding (Diluted Average)	203,400,000





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**

- [10 Best Stocks For Value Investors This Week – 9/26/15](#)
- [Moody's Corporation Analysis – September 2015 Update \\$MCO](#)
- [The Best Stocks of the Financial Services Industry – September 2015](#)
- [The 10 Best Stocks For Value Investors This Week – 6/20/15](#)
- [Moody's Corporation Analysis – June 2015 Update \\$MCO](#)

**Other ModernGraham posts about related companies**

- [KKR & Co LP Stock Valuation – February 2016 \\$KKR](#)
- [Capital One Financial Corp Valuation – January 2016 Update \\$COF](#)
- [Franklin Resources Inc Valuation – January 2016 Update \\$BEN](#)
- [Northern Trust Corp Valuation – January 2016 Update \\$NTRS](#)
- [Northern Trust Corp Valuation – January 2016 Update \\$NTRS](#)
- [Invesco Ltd Valuation – January 2016 Update \\$IVZ](#)
- [Legg Mason Inc Valuation – December 2015 Update \\$LM](#)
- [Visa Inc Valuation – November 2015 Update \\$V](#)
- [Ameriprise Financial Inc. Valuation – November 2015 Update \\$AMP](#)
- [BlackRock Inc. Valuation – November 2015 Update \\$BLK](#)