

ModernGraham Valuation

Company Name:

J M Smucker Co

Company Ticker

SJM

Date of Analysis

2/9/2016



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	\$15,267,323,112	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.77	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	57.84%	Pass
5. Earnings Growth	PEmg < 20	27.33	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.10	Pass
7. Moderate Price to Assets			

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	1.77	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	6.29	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	\$4.66
MG Growth Estimate	3.02%
MG Value	\$67.77
MG Value based on 3% Growth	\$67.56
MG Value based on 0% Growth	\$39.60
Market Implied Growth Rate	9.42%

MG Opinion

Current Price	\$127.35
% of Intrinsic Value	187.92%
Opinion	Overvalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$62.58
Graham Number	\$84.50
PEmg	27.33
Current Ratio	1.77
PB Ratio	2.10
Dividend Yield	2.03%
Number of Consecutive Years of Dividend Growth	14

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	\$5.25	Next Fiscal Year Estimate	\$4.66
Apr2015	\$3.33	Apr2015	\$4.37
Apr2014	\$5.42	Apr2014	\$4.77
Apr2013	\$5.00	Apr2013	\$4.32
Apr2012	\$4.06	Apr2012	\$3.88
Apr2011	\$4.05	Apr2011	\$3.66
Apr2010	\$4.15	Apr2010	\$3.34
Apr2009	\$3.11	Apr2009	\$2.86
Apr2008	\$3.00	Apr2008	\$2.67
Apr2007	\$2.76	Apr2007	\$2.45
Apr2006	\$2.45	Apr2006	\$2.22
Apr2005	\$2.24	Apr2005	\$2.00
Apr2004	\$2.24	Apr2004	\$1.76
Apr2003	\$2.02	Apr2003	\$1.46
Apr2002	\$1.31	Apr2002	\$1.18
Apr2001	\$1.12	Apr2001	\$1.19
Apr2000	\$0.97	Apr2000	\$1.34
Apr1999	\$1.31	Balance Sheet Information Oct2015	
Apr1998	\$1.08	Total Current Assets	\$2,006,000,000
Apr1997	\$2.28	Total Current Liabilities	\$1,132,700,000
Apr1996	\$2.16	Long-Term Debt	\$5,494,500,000
		Total Assets	\$16,694,800,000
		Intangible Assets	\$12,840,900,000
		Total Liabilities	\$9,461,600,000
		Shares Outstanding (Diluted Average)	119,136,000





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:

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company**

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[Mead Johnson Nutrition Co Valuation – November 2015 Update \\$MJN](#)
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