

ModernGraham Valuation

Company Name:

Company Ticker EL

Date of Analysis

5/19/2016

Estee Lauder
Companies Inc



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 | \$33,138,722,203 | Pass |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2 | 1.75 | 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 | 216.96% | Pass |
| 6. Moderate PEmg Ratio | PEmg < 20 | 31.40 | Fail |
| 7. Moderate Price to Assets | PB Ratio < 2.5 OR PB*PEmg < 50 | 8.92 | 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 | 1.75 | Pass |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1 | 0.89 | 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 | \$2.88 |
| MG Growth Estimate | 12.44% |
| MG Value | \$96.21 |
| MG Value based on 3% Growth | \$41.79 |
| MG Value based on 0% Growth | \$24.50 |
| Market Implied Growth Rate | 11.45% |

MG Opinion

| | |
|----------------------|----------------------|
| Current Price | \$90.50 |
| % of Intrinsic Value | 94.06% |
| Opinion | Fairly Valued |
| MG Grade | C |

Stage 3: Information for Further Research

| | |
|--|---------|
| Net Current Asset Value (NCAV) | -\$2.00 |
| Graham Number | \$26.79 |
| PEmg | 31.40 |
| Current Ratio | 1.75 |
| PB Ratio | 8.92 |
| Current Dividend | \$1.08 |
| Dividend Yield | 1.19% |
| Number of Consecutive Years of Dividend Growth | 2 |

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| EPS History | | EPSmg History | |
|---------------------------|--------|---|-----------------|
| Next Fiscal Year Estimate | \$3.09 | Next Fiscal Year Estimate | \$2.88 |
| 6/1/2015 | \$2.82 | 6/1/2015 | \$2.68 |
| 6/1/2014 | \$3.06 | 6/1/2014 | \$2.45 |
| 6/1/2013 | \$2.58 | 6/1/2013 | \$1.98 |
| 6/1/2012 | \$2.16 | 6/1/2012 | \$1.58 |
| 6/1/2011 | \$1.74 | 6/1/2011 | \$1.24 |
| 6/1/2010 | \$1.19 | 6/1/2010 | \$0.96 |
| 6/1/2009 | \$0.55 | 6/1/2009 | \$0.85 |
| 6/1/2008 | \$1.20 | 6/1/2008 | \$0.97 |
| 6/1/2007 | \$1.08 | 6/1/2007 | \$0.83 |
| 6/1/2006 | \$0.56 | 6/1/2006 | \$0.68 |
| 6/1/2005 | \$0.89 | 6/1/2005 | \$0.71 |
| 6/1/2004 | \$0.74 | 6/1/2004 | \$0.60 |
| 6/1/2003 | \$0.63 | 6/1/2003 | \$0.53 |
| 6/1/2002 | \$0.35 | 6/1/2002 | \$0.49 |
| 6/1/2001 | \$0.58 | 6/1/2001 | \$0.54 |
| 6/1/2000 | \$0.60 | 6/1/2000 | \$0.49 |
| 6/1/1999 | \$0.52 | Balance Sheet Information 3/1/2016 | |
| 6/1/1998 | \$0.45 | Total Current Assets | \$4,252,300,000 |
| 6/1/1997 | \$0.37 | Total Current Liabilities | \$2,433,700,000 |
| 6/1/1996 | \$0.30 | Long-term Debt | \$1,612,500,000 |
| | | Total Assets | \$8,816,300,000 |
| | | Intangible Assets | \$1,577,600,000 |
| | | Total Liabilities | \$5,004,500,000 |
| | | Shares Outstanding (Diluted Average) | 375,600,000 |





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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