

ModernGraham Valuation

Company Name:

Nordstrom, Inc.

Company Ticker JWN

Date of Analysis

5/14/2016



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	\$6,741,747,823	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.02	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	39.14%	Pass
6. Moderate PEmg Ratio	PEmg < 20	12.46	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	7.86	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	1.02	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	49.57	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	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.14
MG Growth Estimate	0.90%
MG Value	\$32.40
MG Value based on 3% Growth	\$45.57
MG Value based on 0% Growth	\$26.71
Market Implied Growth Rate	1.98%

MG Opinion

Current Price	\$39.16
% of Intrinsic Value	120.88%
Opinion	Overvalued
MG Grade	D+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$21.81
Graham Number	\$16.67
PEmg	12.46
Current Ratio	1.02
PB Ratio	7.86
Current Dividend	\$1.48
Dividend Yield	3.78%
Number of Consecutive Years of Dividend Growth	7

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha

EPS History			EPSmg History		
Next Fiscal Year Estimate		\$2.48	Next Fiscal Year Estimate		\$3.14
1/1/2016		\$3.15	1/1/2016		\$3.47
1/1/2015		\$3.72	1/1/2015		\$3.54
1/1/2014		\$3.71	1/1/2014		\$3.31
1/1/2013		\$3.56	1/1/2013		\$2.96
1/1/2012		\$3.14	1/1/2012		\$2.62
1/1/2011		\$2.75	1/1/2011		\$2.37
1/1/2010		\$2.01	1/1/2010		\$2.21
1/1/2009		\$1.83	1/1/2009		\$2.24
1/1/2008		\$2.88	1/1/2008		\$2.28
1/1/2007		\$2.55	1/1/2007		\$1.79
1/1/2006		\$1.98	1/1/2006		\$1.28
1/1/2005		\$1.39	1/1/2005		\$0.85
1/1/2004		\$0.88	1/1/2004		\$0.58
1/1/2003		\$0.33	1/1/2003		\$0.46
1/1/2002		\$0.47	1/1/2002		\$0.54
1/1/2001		\$0.39	1/1/2001		\$0.58
1/1/2000		\$0.73	Balance Sheet Information		
1/1/1999		\$0.71	Total Current Assets		\$2,992,000,000
1/1/1998		\$0.60	Total Current Liabilities		\$2,936,000,000
1/1/1997		\$0.46	Long-term Debt		\$2,776,000,000
			Total Assets		\$7,699,000,000
			Intangible Assets		\$435,000,000
			Total Liabilities		\$6,824,000,000
			Shares Outstanding (Diluted Average)		175,700,000





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 – 10/31/15](#)
- [Nordstrom Inc. Valuation – October 2015 Update \\$JWN](#)
- [The Best Companies of the Retail Industry – August 2015](#)
- [The 16 Best Stocks For Value Investors This Week – 8/1/15](#)
- [Nordstrom Inc. Analysis – July 2015 Update \\$JWN](#)

Other ModernGraham posts about related companies

- [Tractor Supply Company Valuation – May 2016 \\$TSCO](#)
- [Fossil Group Inc Stock Valuation – February 2016 \\$FOSL](#)
- [TJX Companies Inc Valuation – February 2016 Update \\$TJX](#)
- [Coach Inc Valuation – February 2016 Update \\$COH](#)
- [Tiffany & Company Valuation – February 2016 Update \\$TIF](#)
- [Urban Outfitters Inc Valuation – January 2016 Update \\$URBN](#)
- [TJX Companies Inc Valuation – February 2016 Update \\$TJX](#)
- [Coach Inc Valuation – February 2016 Update \\$COH](#)
- [Tiffany & Company Valuation – February 2016 Update \\$TIF](#)
- [Urban Outfitters Inc Valuation – January 2016 Update \\$URBN](#)