

ModernGraham Valuation

Company Name:

Company Ticker WFM
Date of Analysis

Whole Foods Market,
Inc.

5/19/2016



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	\$9,733,574,722	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.57	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	202.03%	Pass
5. Earnings Growth	PEmg < 20	20.73	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	3.01	Fail
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	1.57	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.39	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	\$1.46
MG Growth Estimate	9.27%
MG Value	\$39.57
MG Value based on 3% Growth	\$21.22
MG Value based on 0% Growth	\$12.44
Market Implied Growth Rate	6.12%

MG Opinion

Current Price	\$30.34
% of Intrinsic Value	76.67%
Opinion	Fairly Valued
MG Grade	B-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$3.05
Graham Number	\$18.04
PEmg	20.73
Current Ratio	1.57
PB Ratio	3.01
Current Dividend	\$0.66
Dividend Yield	2.18%
Number of Consecutive Years of Dividend Growth	6

Useful Links:

[ModernGraham tagged articles](#) [Morningstar](#)
[Google Finance](#) [MSN Money](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.43	Next Fiscal Year Estimate	\$1.46
9/1/2015	\$1.48	9/1/2015	\$1.44
9/1/2014	\$1.56	9/1/2014	\$1.34
9/1/2013	\$1.47	9/1/2013	\$1.14
9/1/2012	\$1.26	9/1/2012	\$0.90
9/1/2011	\$0.97	9/1/2011	\$0.70
9/1/2010	\$0.72	9/1/2010	\$0.57
9/1/2009	\$0.43	9/1/2009	\$0.51
9/1/2008	\$0.41	9/1/2008	\$0.55
9/1/2007	\$0.65	9/1/2007	\$0.60
9/1/2006	\$0.71	9/1/2006	\$0.55
9/1/2005	\$0.50	9/1/2005	\$0.45
9/1/2004	\$0.52	9/1/2004	\$0.39
9/1/2003	\$0.42	9/1/2003	\$0.30
9/1/2002	\$0.35	9/1/2002	\$0.23
9/1/2001	\$0.30	9/1/2001	\$0.17
9/1/2000	-\$0.02	9/1/2000	\$0.09
9/1/1999	\$0.19	Balance Sheet Information 3/1/2016	
9/1/1998	\$0.21	Total Current Assets	\$2,084,000,000
9/1/1997	\$0.13	Total Current Liabilities	\$1,329,000,000
9/1/1996	-\$0.11	Long-term Debt	\$1,049,000,000
		Total Assets	\$6,362,000,000
		Intangible Assets	\$787,000,000
		Total Liabilities	\$3,077,000,000
		Shares Outstanding (Diluted Average)	325,400,000





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

[5 Undervalued Companies for Enterprising Investors Near 52 Week Lows – January 2016](#)

[10 Best Stocks For Value Investors This Week – 10/31/15](#)

[Whole Foods Market Inc. Valuation – October 2015 Update \\$WFM](#)

[5 Undervalued Companies for Enterprising Investors Near 52 Week Lows – August 2015](#)

[The 8 Best Stocks For Value Investors This Week – 8/8/15](#)

Other
ModernGraham
posts about related
companies

[Whole Foods Market Inc. Valuation – October 2015 Update \\$WFM](#)

[Kroger Company Analysis – 2015 Update \\$KR](#)

[Whole Foods Market Inc. Quarterly Valuation – May 2015 \\$WFM](#)

[Whole Foods Market Inc. Quarterly Valuation – February 2015 \\$WFM](#)

[Safeway Inc. Quarterly Valuation – December 2014 \\$SWY](#)

[Whole Foods Markets Inc. Quarterly Valuation – October 2014 \\$WFM](#)

[Whole Foods Market Inc. Quarterly Valuation – July 2014 \\$WFM](#)

[Kroger Company Annual Valuation – 2014 \\$KR](#)

[Whole Foods Market Inc. \(WFM\) Quarterly Valuation – April 2014](#)