

ModernGraham Valuation

Company Name:

Kellogg Company

Company Ticker K

Date of Analysis

7/14/2016



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	\$30,448,637,687	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.62	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	-20.43%	Fail
5. Earnings Growth	PEmg < 20	29.92	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	14.91	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	0.62	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-3.22	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		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.85
MG Growth Estimate	-1.07%
MG Value	\$18.11
MG Value based on 3% Growth	\$41.35
MG Value based on 0% Growth	\$24.24
Market Implied Growth Rate	10.71%

MG Opinion

Current Price	\$85.32
% of Intrinsic Value	471.00%
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$28.30
Graham Number	\$21.74
PEmg	29.92
Current Ratio	0.62
PB Ratio	14.91
Current Dividend	\$1.99
Dividend Yield	2.33%
Number of Consecutive Years of Dividend Growth	12

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	\$3.62	Next Fiscal Year Estimate	\$2.85
Dec2015	\$1.72	Dec2015	\$2.61
Dec2014	\$1.75	Dec2014	\$3.11
Dec2013	\$4.94	Dec2013	\$3.69
Dec2012	\$2.67	Dec2012	\$3.07
Dec2011	\$3.38	Dec2011	\$3.22
Dec2010	\$3.30	Dec2010	\$3.08
Dec2009	\$3.16	Dec2009	\$2.89
Dec2008	\$2.99	Dec2008	\$2.69
Dec2007	\$2.76	Dec2007	\$2.47
Dec2006	\$2.51	Dec2006	\$2.27
Dec2005	\$2.36	Dec2005	\$2.05
Dec2004	\$2.14	Dec2004	\$1.83
Dec2003	\$1.92	Dec2003	\$1.59
Dec2002	\$1.75	Dec2002	\$1.38
Dec2001	\$1.16	Dec2001	\$1.19
Dec2000	\$1.45	Dec2000	\$1.21
Dec1999	\$0.83	Balance Sheet Information 3/1/2016	
Dec1998	\$1.23	Total Current Assets	\$3,219,000,000
Dec1997	\$1.32	Total Current Liabilities	\$5,162,000,000
Dec1996	\$1.25	Long-Term Debt	\$6,256,000,000
		Total Assets	\$15,297,000,000
		Intangible Assets	\$7,267,000,000
		Total Liabilities	\$13,266,000,000
		Shares Outstanding (Diluted Average)	355,000,000





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 Speculative and Overvalued Companies to Avoid – February 2015](#)

[27 Companies in the Spotlight This Week – 2/14/15](#)

[Kellogg Company Annual Valuation – 2015 \\$K](#)

[15 Companies in the Spotlight This Week – 2/8/14](#)

[Kellogg Company \(K\) Annual Valuation](#)

Other
ModernGraham
posts about related
companies

[Hershey Co Valuation – July 2016 \\$HSY](#)

[PepsiCo Inc Valuation – July 2016 \\$PEP](#)

[Mead Johnson Nutrition Valuation – June 2016 \\$MJN](#)

[B&G Foods Inc Valuation – March 2016 \\$BGS](#)

[Hormel Foods Corp Stock Valuation – February 2016 \\$HRL](#)

[J.M. Smucker Co Valuation – February 2016 \\$SJM](#)

[Archer-Daniels Midland Co Valuation – February 2016 \\$ADM](#)

[Keurig Green Mountain Inc Valuation – January 2016 Update \\$GMCR](#)

[Hormel Foods Corp Stock Valuation – February 2016 \\$HRL](#)

[J.M. Smucker Co Valuation – February 2016 \\$SJM](#)