

ModernGraham Valuation

Company Name:

Macy's, Inc.

Company Ticker M

Date of Analysis

7/19/2016



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	\$10,930,487,811	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.38	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	-223.14%	Fail
6. Moderate PEmg Ratio	PEmg < 20	10.01	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.86	Pass

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	1.38	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.44	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	\$3.48
MG Growth Estimate	15.00%
MG Value	\$134.11
MG Value based on 3% Growth	\$50.51
MG Value based on 0% Growth	\$29.61
Market Implied Growth Rate	0.76%

MG Opinion

Current Price	\$34.87
% of Intrinsic Value	26.00%
Opinion	Undervalued
MG Grade	C

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$25.34
Graham Number	\$30.88
PEmg	10.01
Current Ratio	1.38
PB Ratio	2.86
Current Dividend	\$1.44
Dividend Yield	4.13%
Number of Consecutive Years of Dividend Growth	6

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.15	Next Fiscal Year Estimate	\$3.48
Jan2016	\$3.22	Jan2016	\$3.60
Jan2015	\$4.22	Jan2015	\$3.61
Jan2014	\$3.86	Jan2014	\$3.05
Jan2013	\$3.24	Jan2013	\$1.61
Jan2012	\$2.92	Jan2012	\$0.28
Jan2011	\$1.98	Jan2011	-\$1.02
Jan2010	\$0.83	Jan2010	-\$1.91
Jan2009	-\$11.40	Jan2009	-\$2.35
Jan2008	\$1.97	Jan2008	\$2.17
Jan2007	\$1.81	Jan2007	\$2.24
Jan2006	\$3.24	Jan2006	\$2.19
Jan2005	\$1.93	Jan2005	\$1.43
Jan2004	\$1.86	Jan2004	\$1.09
Jan2003	\$2.06	Jan2003	\$0.75
Jan2002	-\$0.71	Jan2002	\$0.28
Jan2001	-\$0.45	Jan2001	\$0.83
Jan2000	\$1.81	Balance Sheet Information 4/1/2016	
Jan1999	\$1.48	Total Current Assets	\$7,417,000,000
Jan1998	\$1.21	Total Current Liabilities	\$5,384,000,000
Jan1997	\$0.62	Long-Term Debt	\$6,990,000,000
		Total Assets	\$20,198,000,000
		Intangible Assets	\$4,408,000,000
		Total Liabilities	\$16,050,000,000
		Shares Outstanding (Diluted Average)	340,700,000





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.

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