

# ModernGraham Valuation

Company Name:

Omnicom Group Inc.

Company Ticker

OMC

Date of Analysis

7/24/2016



## 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  | \$19,755,351,354 | Pass |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2  | 0.89             | 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 | 53.99%           | Pass |
| 6. Moderate PEmg Ratio                     | PEmg < 20  | 19.15            | Pass |
| 7. Moderate Price to Assets                | PB Ratio < 2.5 OR PB*PEmg < 50   | 8.66             | 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            | 0.89  | Fail |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1              | -4.09 | 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

|                     |           |
|---------------------|-----------|
| <b>Defensive</b>    | <b>No</b> |
| <b>Enterprising</b> | <b>No</b> |

## Stage 2: Determination of Intrinsic Value

|                             |                |
|-----------------------------|----------------|
| EPSmg                       | \$4.32         |
| MG Growth Estimate          | 5.36%          |
| <b>MG Value</b>             | <b>\$82.94</b> |
| MG Value based on 3% Growth | \$62.58        |
| MG Value based on 0% Growth | \$36.69        |
| Market Implied Growth Rate  | 5.33%          |

### MG Opinion

|                      |                      |
|----------------------|----------------------|
| Current Price        | \$82.67              |
| % of Intrinsic Value | 99.67%               |
| <b>Opinion</b>       | <b>Fairly Valued</b> |
| <b>MG Grade</b>      | <b>C-</b>            |

## Stage 3: Information for Further Research

|  |          |
|--|----------|
| Net Current Asset Value (NCAV)                 | -\$34.89 |
| Graham Number                                  | \$31.76  |
| PEmg   | 19.15    |
| Current Ratio                                  | 0.89     |
| PB Ratio                                       | 8.66     |
| Current Dividend                               | \$2.05   |
| Dividend Yield                                 | 2.48%    |
| Number of Consecutive Years of Dividend Growth | 7        |

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| EPS History               |        | EPSmg History                             |                  |
|---------------------------|--------|---|------------------|
| Next Fiscal Year Estimate | \$4.67 | Next Fiscal Year Estimate                 | \$4.32           |
| Dec2015                   | \$4.41 | Dec2015                                   | \$4.05           |
| Dec2014                   | \$4.24 | Dec2014                                   | \$3.75           |
| Dec2013                   | \$3.71 | Dec2013                                   | \$3.39           |
| Dec2012                   | \$3.61 | Dec2012                                   | \$3.18           |
| Dec2011                   | \$3.33 | Dec2011                                   | \$2.96           |
| Dec2010                   | \$2.70 | Dec2010                                   | \$2.77           |
| Dec2009                   | \$2.53 | Dec2009                                   | \$2.76           |
| Dec2008                   | \$3.17 | Dec2008                                   | \$2.76           |
| Dec2007                   | \$2.95 | Dec2007                                   | \$2.46           |
| Dec2006                   | \$2.50 | Dec2006                                   | \$2.16           |
| Dec2005                   | \$2.18 | Dec2005                                   | \$1.92           |
| Dec2004                   | \$1.94 | Dec2004                                   | \$1.74           |
| Dec2003                   | \$1.80 | Dec2003                                   | \$1.58           |
| Dec2002                   | \$1.72 | Dec2002                                   | \$1.40           |
| Dec2001                   | \$1.35 | Dec2001                                   | \$1.17           |
| Dec2000                   | \$1.37 | Dec2000                                   | \$1.02           |
| Dec1999                   | \$1.01 | <b>Balance Sheet Information 6/1/2016</b> |                  |
| Dec1998                   | \$0.84 | Total Current Assets                      | \$10,314,200,000 |
| Dec1997                   | \$0.69 | Total Current Liabilities                 | \$11,540,800,000 |
| Dec1996                   | \$0.56 | Long-Term Debt                            | \$5,022,200,000  |
|                           |        | Total Assets                              | \$20,935,200,000 |
|                           |        | Intangible Assets                         | \$9,525,800,000  |
|                           |        | Total Liabilities                         | \$18,653,300,000 |
|                           |        | Shares Outstanding (Diluted Average)      | 239,000,000      |





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.

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