

ModernGraham Valuation

Company Name:

Company Ticker VMC

Date of Analysis

7/20/2016

Vulcan Materials
Company



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	\$16,662,971,390 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.83 Pass
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	36.21% Pass
6. Moderate PEmg Ratio	PEmg < 20	68.20 Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.84 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	2.83 Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.04 Fail
3. Earnings Stability	Positive EPS for 5 years prior	Fail
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	\$1.84
MG Growth Estimate	15.00%
MG Value	\$70.84
MG Value based on 3% Growth	\$26.68
MG Value based on 0% Growth	\$15.64
Market Implied Growth Rate	29.85%

MG Opinion

Current Price	\$125.49
% of Intrinsic Value	177.15%
Opinion	Overvalued
MG Grade	F

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$20.81
Graham Number	\$49.54
PEmg	68.20
Current Ratio	2.83
PB Ratio	3.84
Current Dividend	\$0.50
Dividend Yield	0.40%
Number of Consecutive Years of Dividend Growth	3

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.29	Next Fiscal Year Estimate	\$1.84
Dec2015	\$1.64	Dec2015	\$0.90
Dec2014	\$1.54	Dec2014	\$0.36
Dec2013	\$0.19	Dec2013	-\$0.24
Dec2012	-\$0.41	Dec2012	-\$0.40
Dec2011	-\$0.55	Dec2011	-\$0.04
Dec2010	-\$0.75	Dec2010	\$0.73
Dec2009	\$0.25	Dec2009	\$1.85
Dec2008	-\$0.04	Dec2008	\$2.82
Dec2007	\$4.54	Dec2007	\$4.01
Dec2006	\$4.69	Dec2006	\$3.48
Dec2005	\$3.73	Dec2005	\$2.73
Dec2004	\$2.77	Dec2004	\$2.20
Dec2003	\$1.90	Dec2003	\$1.95
Dec2002	\$1.66	Dec2002	\$2.04
Dec2001	\$2.17	Dec2001	\$2.24
Dec2000	\$2.16	Dec2000	\$2.24
Dec1999	\$2.35	Balance Sheet Information 3/1/2016	
Dec1998	\$2.50	Total Current Assets	\$1,007,503,000
Dec1997	\$2.03	Total Current Liabilities	\$356,485,000
Dec1996	\$1.79	Long-Term Debt	\$1,981,425,000
		Total Assets	\$8,247,025,000
		Intangible Assets	\$3,848,196,000
		Total Liabilities	\$3,825,972,000
		Shares Outstanding (Diluted Average)	135,452,000





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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