

ModernGraham Valuation

Company Name:

Moody's Corporation

Company Ticker

MCO

Date of Analysis

8/25/2016



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	\$20,320,328,622	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.64	Pass
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	121.82%	Pass
6. Moderate PEmg Ratio	PEmg < 20	24.59	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	-34.51	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	2.64	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.82	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	\$4.30
MG Growth Estimate	11.21%
MG Value	\$132.98
MG Value based on 3% Growth	\$62.35
MG Value based on 0% Growth	\$36.55
Market Implied Growth Rate	8.05%

MG Opinion

Current Price	\$105.74
% of Intrinsic Value	79.52%
Opinion	Fairly Valued
MG Grade	C

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$13.35
Graham Number	\$0.00
PEmg	24.59
Current Ratio	2.64
PB Ratio	-34.51
Current Dividend	\$1.42
Dividend Yield	1.34%
Number of Consecutive Years of Dividend Growth	7

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.38	Next Fiscal Year Estimate	\$4.30
Dec2015	\$4.63	Dec2015	\$4.07
Dec2014	\$4.61	Dec2014	\$3.58
Dec2013	\$3.60	Dec2013	\$2.91
Dec2012	\$3.05	Dec2012	\$2.46
Dec2011	\$2.49	Dec2011	\$2.16
Dec2010	\$2.15	Dec2010	\$2.06
Dec2009	\$1.69	Dec2009	\$2.04
Dec2008	\$1.87	Dec2008	\$2.17
Dec2007	\$2.58	Dec2007	\$2.18
Dec2006	\$2.58	Dec2006	\$1.85
Dec2005	\$1.84	Dec2005	\$1.39
Dec2004	\$1.40	Dec2004	\$1.09
Dec2003	\$1.19	Dec2003	\$0.87
Dec2002	\$0.92	Dec2002	\$0.70
Dec2001	\$0.66	Dec2001	\$0.55
Dec2000	\$0.49	Dec2000	\$0.45
Dec1999	\$0.48	Balance Sheet Information 6/1/2016	
Dec1998	\$0.82	Total Current Assets	\$3,030,100,000
Dec1997	\$0.00	Total Current Liabilities	\$1,146,400,000
Dec1996	\$0.00	Long-Term Debt	\$3,420,400,000
		Total Assets	\$5,044,900,000
		Intangible Assets	\$1,366,400,000
		Total Liabilities	\$5,644,900,000
		Shares Outstanding (Diluted Average)	195,800,000





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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