# **ModernGraham Valuation**

# **Company Name:**

Company Ticker MCO

Date of Analysis

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Moody's Corporation



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	С	

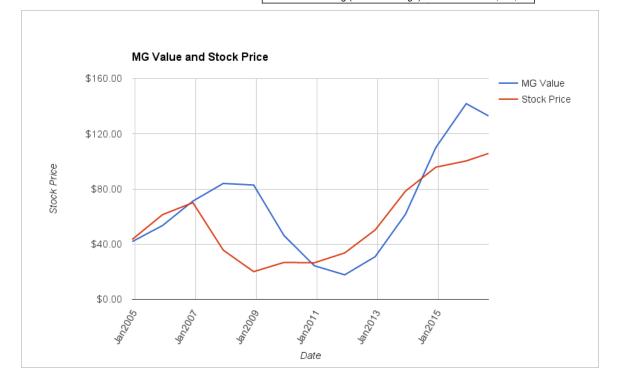
### Stage 3: Information for Further Research

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

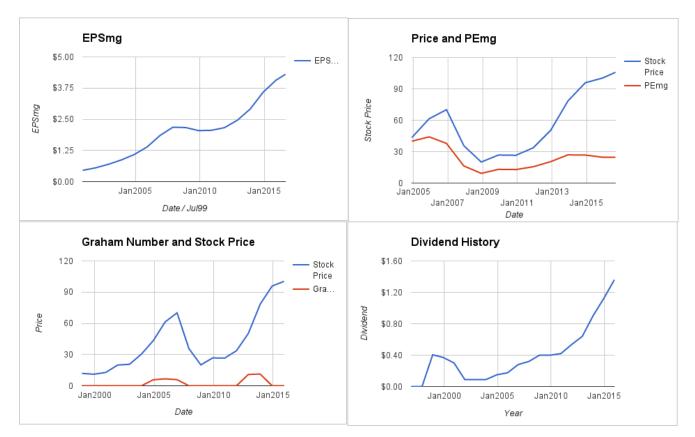
Useful Links:

ModernGraham tagged articles Google Finance Yahoo Finance GuruFocus Morningstar MSN Money Seeking Alpha SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.38	Next Fiscal Year Estimate	\$4.30
Dec2015	\$4.63		\$4.07
Dec2014	\$4.61		\$3.58
Dec2013	\$3.60		\$2.91
Dec2012	\$3.05		\$2.46
Dec2012	\$0.00 \$2.49		\$2.16
Dec2010	\$2.15		\$2.06
Dec2009	\$1.69		\$2.04
Dec2008	\$1.87		\$2.17
Dec2007	\$2.58		\$2.18
Dec2006	\$2.58		\$1.85
Dec2005	\$1.84		\$1.39
Dec2004	\$1.40		\$1.09
Dec2003	\$1.19		\$0.87
Dec2002	\$0.92		\$0.70
Dec2002	\$0.66		\$0.55
Dec2000	\$0.60		\$0.45
Dec1999		Balance Sheet Information	6/1/2016
Dec1998		Total Current Assets	\$3,030,100,000
Dec1997		Total Current Liabilities	\$1,146,400,000
Dec1996		Long-Term Debt	\$3,420,400,000
Dec1990	φ0.00	Total Assets	\$5,044,900,000
			\$1,366,400,000
		Intangible Assets Total Liabilities	
			\$5,644,900,000
		Shares Outstanding (Diluted Average)	195,800,000



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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	10 Best Stocks For Value Investors This Week – 9/26/15
	Moody's Corporation Analysis – September 2015 Update \$MCO
	The Best Stocks of the Financial Services Industry – September 2015
	The 10 Best Stocks For Value Investors This Week – 6/20/15
	Moody's Corporation Analysis – June 2015 Update \$MCO
Other ModernGraham posts about related companies	Franklin Resources Inc Valuation – August 2016 \$BEN
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	Charles Schwab Corp Valuation – August 2016 \$SCHW
	Northern Trust Corp Valuation – July 2016 \$NTRS
	O'Reilly Automotive Inc Valuation – July 2016 \$ORLY
	Invesco Ltd Valuation – July 2016 \$IVZ
	Nasdaq Inc Valuation – July 2016 \$NDAQ
	Leucadia National Corp Valuation – July 2016 \$LUK
	E*Trade Financial Corp Valuation – July 2016 \$ETFC
	CBRE Group Inc Valuation – July 2016 \$CBG