

ModernGraham Valuation

Company Name:

Company Ticker MMP
Date of Analysis

Magellan Midstream
Partners, L.P.

8/28/2016



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	\$16,105,243,888	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.54	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	363.68%	Pass
6. Moderate PEmg Ratio	PEmg < 20	21.32	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	7.85	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	0.54	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-10.90	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	\$3.29
MG Growth Estimate	15.00%
MG Value	\$126.72
MG Value based on 3% Growth	\$47.72
MG Value based on 0% Growth	\$27.98
Market Implied Growth Rate	6.41%

MG Opinion

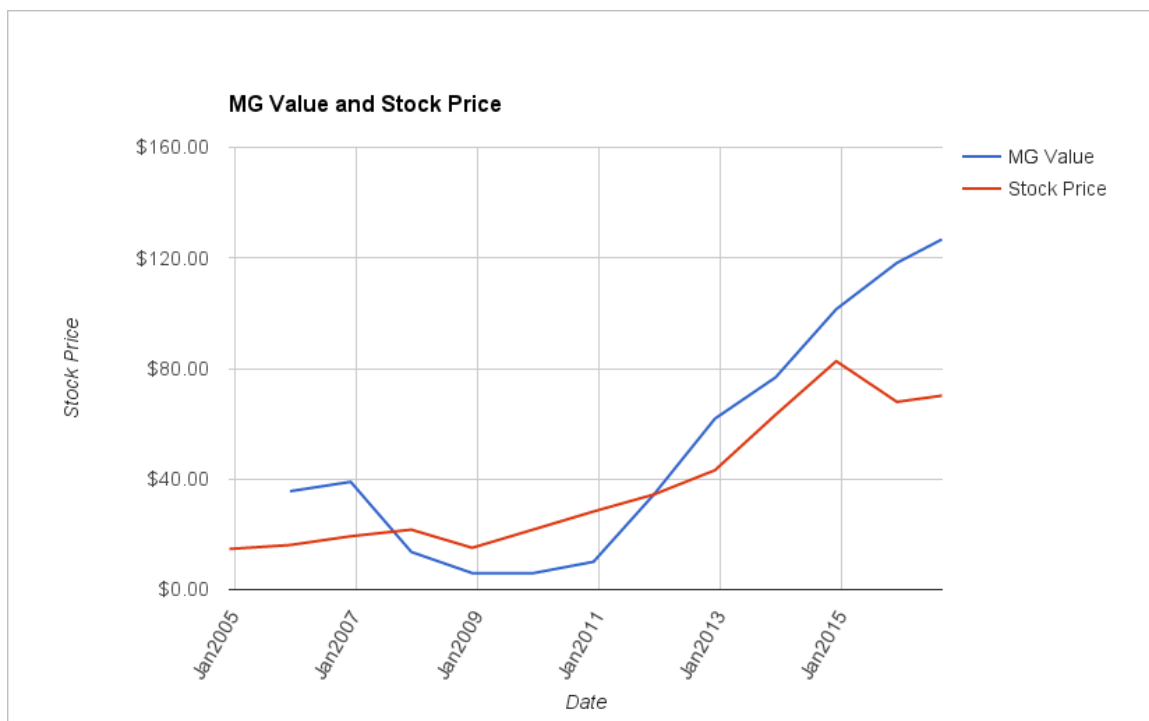
Current Price	\$70.17
% of Intrinsic Value	55.38%
Opinion	Undervalued
MG Grade	C

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$17.65
Graham Number	\$26.09
PEmg	21.32
Current Ratio	0.54
PB Ratio	7.85
Current Dividend	\$3.09
Dividend Yield	4.41%
Number of Consecutive Years of Dividend Growth	17

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.38	Next Fiscal Year Estimate	\$3.29
Dec2015	\$3.59	Dec2015	\$3.07
Dec2014	\$3.69	Dec2014	\$2.64
Dec2013	\$2.56	Dec2013	\$1.99
Dec2012	\$1.92	Dec2012	\$1.61
Dec2011	\$1.83	Dec2011	\$1.34
Dec2010	\$1.42	Dec2010	\$1.05
Dec2009	\$1.11	Dec2009	\$0.87
Dec2008	\$0.70	Dec2008	\$0.78
Dec2007	\$0.49	Dec2007	\$0.85
Dec2006	\$1.12	Dec2006	\$1.01
Dec2005	\$1.02	Dec2005	\$0.92
Dec2004	\$0.86	Dec2004	\$0.80
Dec2003	\$1.02	Dec2003	\$0.68
Dec2002	\$0.92	Dec2002	\$0.43
Dec2001	\$0.47	Dec2001	\$0.16
Dec2000	\$0.00	Dec2000	\$0.00
Dec1999	\$0.00	Balance Sheet Information 6/1/2016	
Dec1998	\$0.00	Total Current Assets	\$385,582,000
Dec1997	\$0.00	Total Current Liabilities	\$713,662,000
Dec1996	\$0.00	Long-Term Debt	\$3,574,898,000
		Total Assets	\$6,448,204,000
		Intangible Assets	\$105,597,000
		Total Liabilities	\$4,410,006,000
		Shares Outstanding (Diluted Average)	227,983,000





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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[Magellan Midstream Partners LP Analysis – Initial Coverage \\$MMP](#)

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[Enterprise Products Partners LP Valuation – August 2016 \\$EPD](#)

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[Occidental Petroleum Corp Valuation – August 2016 \\$OXY](#)

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