

ModernGraham Valuation

Company Name:

Yum! Brands, Inc.

Company Ticker YUM

Date of Analysis

12/6/2016



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	\$23,528,968,924	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.74	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	57.17%	Pass
5. Earnings Growth	PEmg < 20	20.43	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	-13.32	Fail
7. Moderate Price to Assets			

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	1.74	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	5.35	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	\$3.11
MG Growth Estimate	1.88%
MG Value	\$38.08
MG Value based on 3% Growth	\$45.04
MG Value based on 0% Growth	\$26.40
Market Implied Growth Rate	5.97%

MG Opinion

Current Price	\$63.46
% of Intrinsic Value	166.64%
Opinion	Overvalued
MG Grade	C+

Stage 3: Information for Further Research

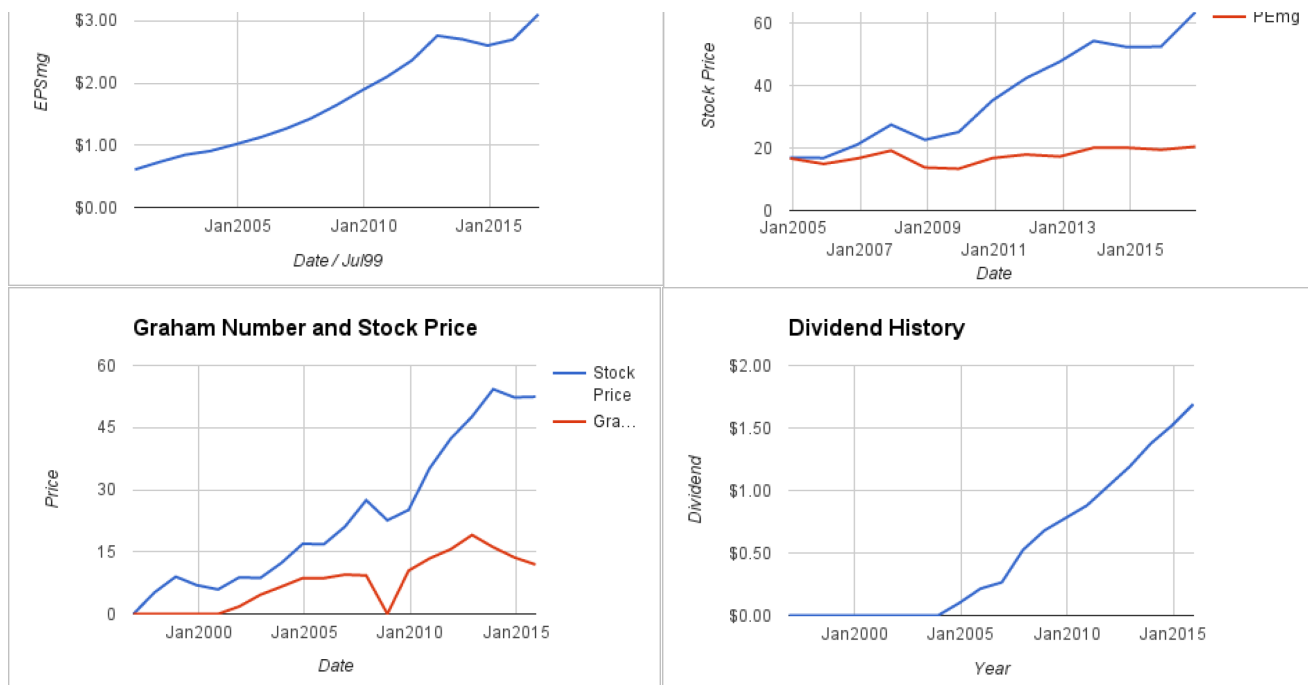
Net Current Asset Value (NCAV)	-\$20.92
Graham Number	\$0.00
PEmg	20.43
Current Ratio	1.74
PB Ratio	-13.32
Current Dividend	\$1.84
Dividend Yield	2.90%
Number of Consecutive Years of Dividend Growth	13

Useful Links:

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

EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	\$3.11
Dec2015	\$2.92	Dec2015	\$2.70
Dec2014	\$2.32	Dec2014	\$2.60
Dec2013	\$2.36	Dec2013	\$2.70
Dec2012	\$3.38	Dec2012	\$2.76
Dec2011	\$2.74	Dec2011	\$2.37
Dec2010	\$2.38	Dec2010	\$2.10
Dec2009	\$2.22	Dec2009	\$1.88
Dec2008	\$1.96	Dec2008	\$1.64
Dec2007	\$1.68	Dec2007	\$1.43
Dec2006	\$1.46	Dec2006	\$1.27
Dec2005	\$1.28	Dec2005	\$1.13
Dec2004	\$1.21	Dec2004	\$1.01
Dec2003	\$1.01	Dec2003	\$0.91
Dec2002	\$0.94	Dec2002	\$0.85
Dec2001	\$0.81	Dec2001	\$0.73
Dec2000	\$0.69	Dec2000	\$0.61
Dec1999	\$0.98	Balance Sheet Information 9/1/2016	
Dec1998	\$0.71	Total Current Assets	\$4,003,000,000
Dec1997	-\$0.19	Total Current Liabilities	\$2,299,000,000
Dec1996	\$0.00	Long-Term Debt	\$9,119,000,000
		Total Assets	\$10,432,000,000
		Intangible Assets	\$893,000,000
		Total Liabilities	\$12,328,000,000
		Shares Outstanding (Diluted Average)	398,000,000





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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[18 Companies in the Spotlight This Week – 3/15/15](#)

[Yum! Brands Inc. Annual Valuation – 2015 \\$YUM](#)

[16 Companies in the Spotlight This Week – 3/8/14](#)

[Yum Brands Inc. \(YUM\) Annual Valuation](#)

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[McDonald's Corporation Valuation – May 2016 \\$MCD](#)

[Chipotle Mexican Grill Inc Stock Valuation – February 2016 \\$CMG](#)

[McDonald's Corporation – November 2015 Update \\$MCD](#)

[Chipotle Mexican Group Inc Valuation – November 2015 Update \\$CMG](#)

[Darden Restaurants Inc. Analysis – September 2015 Update \\$DRI](#)

[Chipotle Mexican Grill Inc. Analysis – August 2015 Update \\$CMG](#)

[Chipotle Mexican Grill Inc. Quarterly Valuation – May 2015 \\$CMG](#)