

ModernGraham Valuation

Company Name:

Company Ticker DPS
Date of Analysis

Dr Pepper Snapple
Group Inc.

1/29/2017



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	\$16,430,380,426	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.08	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	346.52%	Pass
6. Moderate PEmg Ratio	PEmg < 20	22.92	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	1.08	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	24.84	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
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.93
MG Growth Estimate	9.98%
MG Value	\$111.79
MG Value based on 3% Growth	\$56.96
MG Value based on 0% Growth	\$33.39
Market Implied Growth Rate	7.21%

MG Opinion

Current Price	\$90.03
% of Intrinsic Value	80.53%
Opinion	Fairly Valued
MG Grade	C-

Stage 3: Information for Further Research

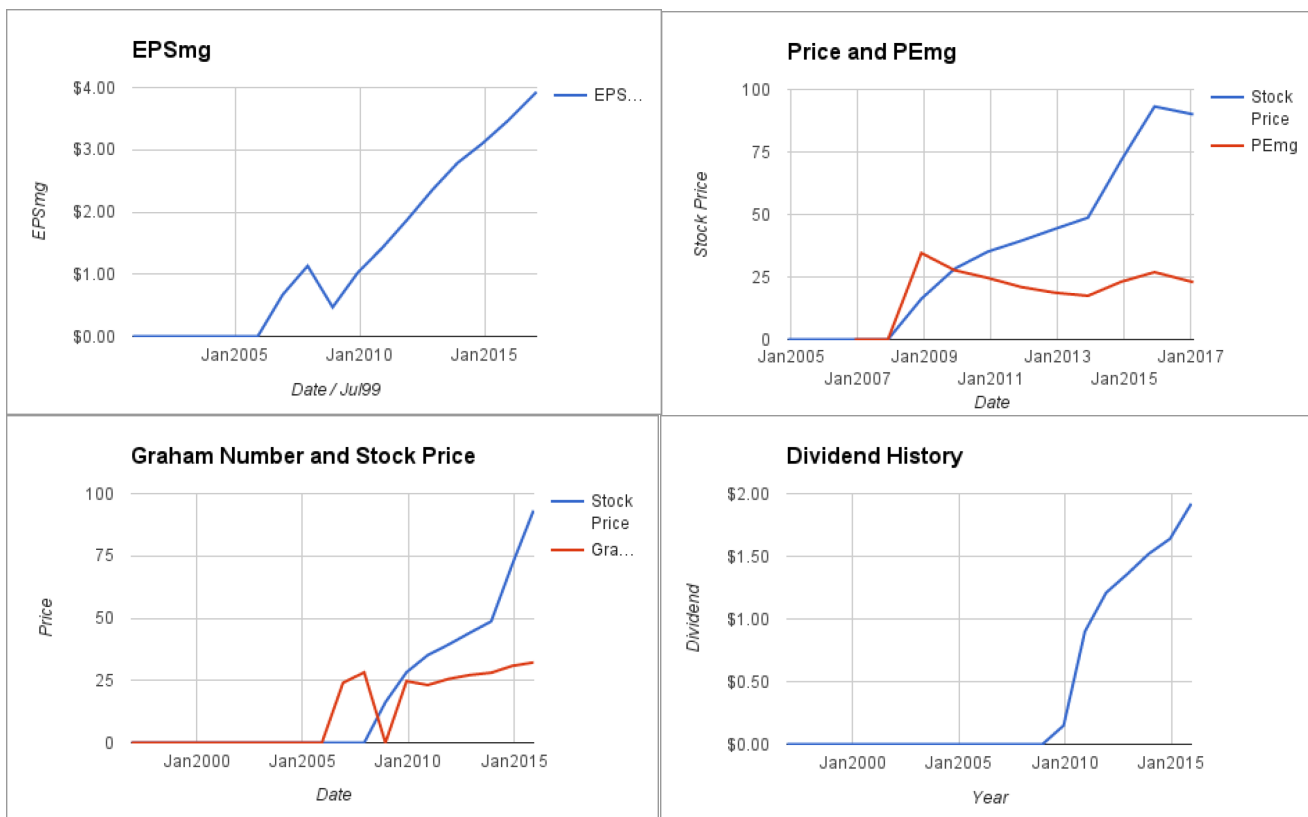
Net Current Asset Value (NCAV)	-\$26.61
Graham Number	\$34.85
PEmg	22.92
Current Ratio	1.08
PB Ratio	7.85
Current Dividend	\$2.07
Dividend Yield	2.30%
Number of Consecutive Years of Dividend Growth	8

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		\$4.66	Next Fiscal Year Estimate		\$3.93
Dec2015		\$3.97	Dec2015		\$3.46
Dec2014		\$3.56	Dec2014		\$3.10
Dec2013		\$3.05	Dec2013		\$2.79
Dec2012		\$2.96	Dec2012		\$2.36
Dec2011		\$2.74	Dec2011		\$1.88
Dec2010		\$2.17	Dec2010		\$1.43
Dec2009		\$2.17	Dec2009		\$1.02
Dec2008		-\$1.23	Dec2008		\$0.47
Dec2007		\$1.79	Dec2007		\$1.13
Dec2006		\$2.01	Dec2006		\$0.67
Dec2005		\$0.00	Dec2005		\$0.00
Dec2004		\$0.00	Dec2004		\$0.00
Dec2003		\$0.00	Dec2003		\$0.00
Dec2002		\$0.00	Dec2002		\$0.00
Dec2001		\$0.00	Dec2001		\$0.00
Dec2000		\$0.00	Dec2000		\$0.00
Dec1999		\$0.00	Balance Sheet Information		9/1/2016
Dec1998		\$0.00	Total Current Assets		\$1,602,000,000
Dec1997		\$0.00	Total Current Liabilities		\$1,483,000,000
Dec1996		\$0.00	Long-Term Debt		\$2,956,000,000
			Total Assets		\$8,673,000,000
			Intangible Assets		\$5,651,000,000
			Total Liabilities		\$6,544,000,000
			Shares Outstanding (Diluted Average)		185,700,000





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.

Recommended Reading:

Other ModernGraham posts about the company

[Dr Pepper Snapple Group Inc Analysis – September 2015 Update \\$DPS](#)

[23 Companies to Research This Week – 9/13/14](#)

[Dr Pepper Snapple Group Inc. Annual Stock Valuation – 2014 \\$DPS](#)

Other ModernGraham posts about related companies

[Sysco Corporation Valuation – January 2017 \\$SYU](#)

[General Mills Inc Valuation – January 2017 \\$GIS](#)

[Coca-Cola European Partners PLC Valuation – January 2017 \\$CCE](#)

[Archer Daniels Midland Company Valuation – January 2017 \\$ADM](#)

[McCormick & Company Valuation – January 2017 \\$MKC](#)

[Conagra Brands Inc Valuation – December 2016 \\$CAG](#)

[Seneca Foods Corp Valuation – Initial Coverage \\$SENEA](#)

[Ingredion Inc Valuation – Initial Coverage \\$INGR](#)

[Saputo Inc Valuation – Initial Coverage \\$SAP](#)

[Best Stocks to Invest In: the Food Processing Industry – August 2016](#)