

# ModernGraham Valuation

McCormick &  
Company,  
Incorporated



## Company Name:

Company Ticker MKC

Date of Analysis

1/3/2017

## 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	\$11,763,745,082	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.09	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	71.21%	Pass
6. Moderate PEmg Ratio	PEmg < 20	28.04	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	6.79	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	1.09	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	8.34	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

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$3.33
MG Growth Estimate	3.22%
<b>MG Value</b>	<b>\$49.74</b>
MG Value based on 3% Growth	\$48.26
MG Value based on 0% Growth	\$28.29
Market Implied Growth Rate	9.77%

### MG Opinion

Current Price	\$93.33
% of Intrinsic Value	187.62%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>D+</b>

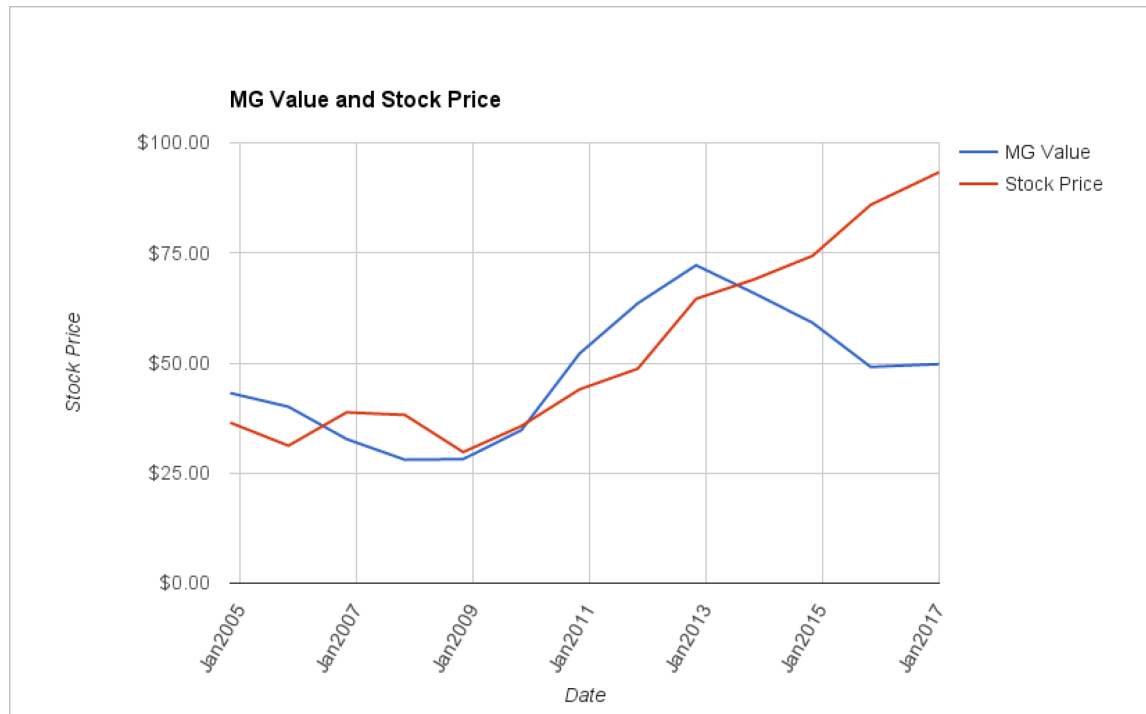
## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$11.66
Graham Number	\$34.16
PEmg	28.04
Current Ratio	1.09
PB Ratio	6.79
Current Dividend	\$1.69
Dividend Yield	1.81%
Number of Consecutive Years of Dividend Growth	20

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History			EPSmg History		
Next Fiscal Year Estimate		\$3.72	Next Fiscal Year Estimate		\$3.33
Nov2015		\$3.11	Nov2015		\$3.10
Nov2014		\$3.34	Nov2014		\$3.05
Nov2013		\$2.91	Nov2013		\$2.86
Nov2012		\$3.04	Nov2012		\$2.74
Nov2011		\$2.79	Nov2011		\$2.49
Nov2010		\$2.75	Nov2010		\$2.24
Nov2009		\$2.27	Nov2009		\$1.92
Nov2008		\$1.94	Nov2008		\$1.72
Nov2007		\$1.73	Nov2007		\$1.59
Nov2006		\$1.50	Nov2006		\$1.50
Nov2005		\$1.56	Nov2005		\$1.46
Nov2004		\$1.52	Nov2004		\$1.36
Nov2003		\$1.48	Nov2003		\$1.22
Nov2002		\$1.26	Nov2002		\$1.04
Nov2001		\$1.05	Nov2001		\$0.89
Nov2000		\$0.99	Nov2000		\$0.77
Nov1999		\$0.72	<b>Balance Sheet Information</b>		<b>8/1/2016</b>
Nov1998		\$0.71	Total Current Assets		\$1,468,000,000
Nov1997		\$0.65	Total Current Liabilities		\$1,341,200,000
Nov1996		\$0.26	Long-Term Debt		\$1,057,900,000
			Total Assets		\$4,716,500,000
			Intangible Assets		\$2,246,900,000
			Total Liabilities		\$2,959,100,000
			Shares Outstanding (Diluted Average)		127,900,000





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

[McCormick & Company Inc. Analysis – August 2015 Update \\$MKC](#)

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

[McCormick & Company Inc. Annual Valuation – 2014 \\$MKC](#)

Other ModernGraham posts about related companies

[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](#)

[B&G Foods Inc Valuation – August 2016 \\$BGS](#)

[Tyson Foods Inc Valuation – August 2016 \\$TSN](#)

[Mondelez International Inc Valuation – August 2016 \\$MDLZ](#)

[Hormel Foods Corp Valuation – August 2016 \\$HRL](#)

[J.M. Smucker Co Valuation – August 2016 \\$SJM](#)

[General Mills Inc Valuation – August 2016 \\$GIS](#)