

ModernGraham Valuation

Company Name:

CME Group Inc

Company Ticker

CME

Date of Analysis

2/5/2017



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	\$40,264,946,681	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.03	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	64.91%	Pass
5. Earnings Growth	PEmg < 20	29.13	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.00	Pass
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	1.03	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.05	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	\$4.12
MG Growth Estimate	3.57%
MG Value	\$64.38
MG Value based on 3% Growth	\$59.70
MG Value based on 0% Growth	\$35.00
Market Implied Growth Rate	10.32%

MG Opinion

Current Price	\$119.95
% of Intrinsic Value	186.32%
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$26.51
Graham Number	\$78.68
PEmg	29.13
Current Ratio	1.03
PB Ratio	2.00
Current Dividend	\$2.40
Dividend Yield	2.00%
Number of Consecutive Years of Dividend Growth	7

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	
	\$4.59		\$4.12
Dec2016	\$4.53	Dec2016	\$3.73
Dec2015	\$3.69	Dec2015	\$3.43
Dec2014	\$3.35	Dec2014	\$3.35
Dec2013	\$2.92	Dec2013	\$3.33
Dec2012	\$2.70	Dec2012	\$3.41
Dec2011	\$5.43	Dec2011	\$3.59
Dec2010	\$2.86	Dec2010	\$2.65
Dec2009	\$2.48	Dec2009	\$2.50
Dec2008	\$2.43	Dec2008	\$2.39
Dec2007	\$2.99	Dec2007	\$2.18
Dec2006	\$2.32	Dec2006	\$1.64
Dec2005	\$1.76	Dec2005	\$1.19
Dec2004	\$1.28	Dec2004	\$0.81
Dec2003	\$0.72	Dec2003	\$0.50
Dec2002	\$0.63	Dec2002	\$0.34
Dec2001	\$0.51	Dec2001	\$0.16
Dec2000	-\$0.04	Balance Sheet Information 12/1/2016	
Dec1999	\$0.00	Total Current Assets	\$40,031,500,000
Dec1998	\$0.00	Total Current Liabilities	\$38,945,600,000
Dec1997	\$0.00	Long-Term Debt	\$2,231,200,000
		Total Assets	\$69,369,400,000
		Intangible Assets	\$27,186,100,000
		Total Liabilities	\$49,028,700,000
		Shares Outstanding (Diluted Average)	339,338,000





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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