

# ModernGraham Valuation

Company Name:

Kraft Heinz Co

Company Ticker KHC

Date of Analysis

2/9/2017



## 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	\$108,703,005,268	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.95	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	15366.67%	Pass
6. Moderate PEmg Ratio	PEmg < 20	42.03	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.90	Pass

*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	0.95	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-63.65	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Fail
	Score		

### Suitability

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

## Stage 2: Determination of Intrinsic Value

EPSmg	\$2.12
MG Growth Estimate	-4.07%
<b>MG Value</b>	<b>\$0.76</b>
MG Value based on 3% Growth	\$30.77
MG Value based on 0% Growth	\$18.04
Market Implied Growth Rate	16.77%

### MG Opinion

Current Price	\$89.19
% of Intrinsic Value	11797.87%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>D</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$44.38
Graham Number	\$58.75
PEmg	42.03
Current Ratio	0.95
PB Ratio	1.90
Current Dividend	\$2.90
Dividend Yield	3.25%
Number of Consecutive Years of Dividend Growth	2

### 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	\$3.24	Next Fiscal Year Estimate	\$2.12
Dec2015	-\$0.34	Dec2015	\$1.82
Dec2014	\$1.74	Dec2014	\$3.13
Dec2013	\$4.51	Dec2013	\$3.63
Dec2012	\$2.75	Dec2012	\$2.91
Dec2011	\$3.00	Dec2011	\$2.59
Dec2010	\$5.98	Dec2010	\$1.99
Dec2009	\$0.00	Dec2009	\$0.00
Dec2008	\$0.00	Dec2008	\$0.00
Dec2007	\$0.00	Dec2007	\$0.00
Dec2006	\$0.00	Dec2006	\$0.00
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	<b>Balance Sheet Information 9/1/2016</b>	
Dec1998	\$0.00	Total Current Assets	\$8,943,000,000
Dec1997	\$0.00	Total Current Liabilities	\$9,414,000,000
Dec1996	\$0.00	Long-Term Debt	\$29,980,000,000
		Total Assets	\$121,080,000,000
		Intangible Assets	\$104,138,000,000
		Total Liabilities	\$63,438,000,000
		Shares Outstanding (Diluted Average)	1,228,000,000





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.

## Recommended Reading:

Other  
ModernGraham  
posts about the  
company

#N/A

Other  
ModernGraham  
posts about related  
companies

[Dr Pepper Snapple Group Inc Valuation – January 2017 \\$DPS](#)  
[J&J Snack Foods Corp Valuation – Initial Coverage \\$JJSF](#)  
[Sysco Corporation Valuation – January 2017 \\$SYY](#)  
[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](#)