

ModernGraham Valuation

Company Name:

Company Ticker LANC

Date of Analysis

2/28/2017

Lancaster Colony Corp.



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	\$3,606,240,512	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.97	Pass
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	51.53%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	31.82	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	6.46	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	3.97	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	Pass
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	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.14
MG Growth Estimate	1.40%
MG Value	\$46.85
MG Value based on 3% Growth	\$60.07
MG Value based on 0% Growth	\$35.21
Market Implied Growth Rate	11.66%

MG Opinion

Current Price	\$131.80
% of Intrinsic Value	281.33%
Opinion	Overvalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$5.28
Graham Number	\$46.70
PEmg	31.82
Current Ratio	3.97
PB Ratio	6.46
Current Dividend	\$2.05
Dividend Yield	1.56%
Number of Consecutive Years of Dividend Growth	2

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	\$4.75	Next Fiscal Year Estimate	\$4.14
Jun2016	\$4.44	Jun2016	\$3.79
Jun2015	\$3.72	Jun2015	\$3.49
Jun2014	\$2.74	Jun2014	\$3.46
Jun2013	\$3.99	Jun2013	\$3.79
Jun2012	\$3.51	Jun2012	\$3.52
Jun2011	\$3.84	Jun2011	\$3.27
Jun2010	\$4.07	Jun2010	\$2.82
Jun2009	\$3.17	Jun2009	\$2.19
Jun2008	\$1.28	Jun2008	\$1.79
Jun2007	\$1.45	Jun2007	\$2.14
Jun2006	\$2.48	Jun2006	\$2.50
Jun2005	\$2.56	Jun2005	\$2.51
Jun2004	\$2.04	Jun2004	\$2.49
Jun2003	\$3.11	Jun2003	\$2.66
Jun2002	\$2.49	Jun2002	\$2.42
Jun2001	\$2.37	Jun2001	\$2.35
Jun2000	\$2.51	Balance Sheet Information 12/1/2016	
Jun1999	\$2.28	Total Current Assets	\$276,959,000
Jun1998	\$2.22	Total Current Liabilities	\$69,845,000
Jun1997	\$2.01	Long-Term Debt	\$0
		Total Assets	\$691,458,000
		Intangible Assets	\$229,728,000
		Total Liabilities	\$131,975,000
		Shares Outstanding (Diluted Average)	27,441,000





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:

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ModernGraham
posts about the
company

#N/A

Other
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companies

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