

# ModernGraham Valuation

Company Name:

Moody's Corporation

Company Ticker MCO

Date of Analysis

3/27/2017



## 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	\$21,338,397,663	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.34	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	95.45%	Pass
5. Earnings Growth	PEmg < 20	28.81	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	-17.77	Fail
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	1.34	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.71	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 Score		Pass

### Suitability

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

## Stage 2: Determination of Intrinsic Value

EPSmg	\$3.87
MG Growth Estimate	4.93%
<b>MG Value</b>	<b>\$70.97</b>
MG Value based on 3% Growth	\$56.07
MG Value based on 0% Growth	\$32.87
Market Implied Growth Rate	10.16%

### MG Opinion

Current Price	\$111.41
% of Intrinsic Value	156.99%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>F</b>

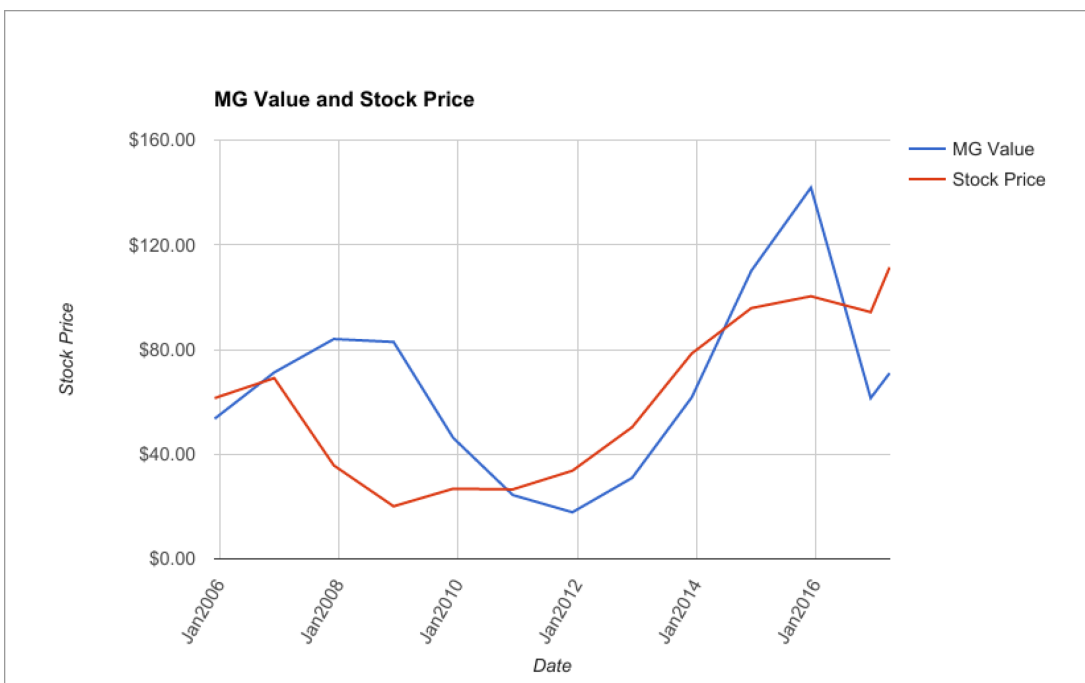
## Stage 3: Information for Further Research

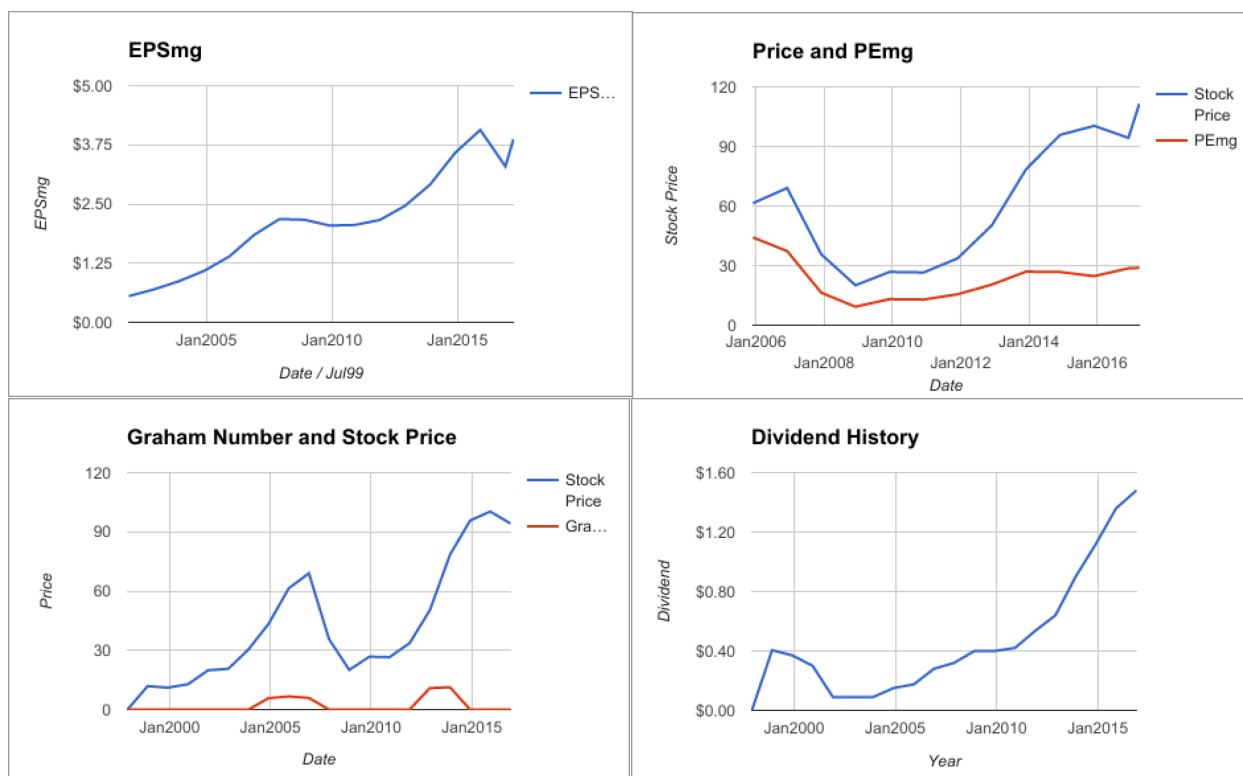
Net Current Asset Value (NCAV)	-\$16.88
Graham Number	\$0.00
PEmg	28.81
Current Ratio	1.34
PB Ratio	-17.77
Current Dividend	\$1.48
Dividend Yield	1.33%
Number of Consecutive Years of Dividend Growth	8

### 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		Next Fiscal Year Estimate	
	\$5.17		\$3.87
Dec2016	\$1.36	Dec2016	\$3.29
Dec2015	\$4.63	Dec2015	\$4.07
Dec2014	\$4.61	Dec2014	\$3.58
Dec2013	\$3.60	Dec2013	\$2.91
Dec2012	\$3.05	Dec2012	\$2.46
Dec2011	\$2.49	Dec2011	\$2.16
Dec2010	\$2.15	Dec2010	\$2.06
Dec2009	\$1.69	Dec2009	\$2.04
Dec2008	\$1.87	Dec2008	\$2.17
Dec2007	\$2.58	Dec2007	\$2.18
Dec2006	\$2.58	Dec2006	\$1.85
Dec2005	\$1.84	Dec2005	\$1.39
Dec2004	\$1.40	Dec2004	\$1.09
Dec2003	\$1.19	Dec2003	\$0.87
Dec2002	\$0.92	Dec2002	\$0.70
Dec2001	\$0.66	Dec2001	\$0.55
Dec2000	\$0.49	<b>Balance Sheet Information</b>	
Dec1999	\$0.48	<b>12/1/2016</b>	
Dec1998	\$0.82	Total Current Assets	\$3,253,100,000
Dec1997	\$0.00	Total Current Liabilities	\$2,428,200,000
		Long-Term Debt	\$3,063,000,000
		Total Assets	\$5,327,300,000
		Intangible Assets	\$1,320,000,000
		Total Liabilities	\$6,552,300,000
		Shares Outstanding (Diluted Average)	195,400,000





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

[Moody's Corporation Stock Valuation – February 2016 \\$MCO](#)  
[10 Best Stocks For Value Investors This Week – 9/26/15](#)  
[Moody's Corporation Analysis – September 2015 Update \\$MCO](#)  
[The Best Stocks of the Financial Services Industry – September 2015](#)  
[The 10 Best Stocks For Value Investors This Week – 6/20/15](#)

Other  
ModernGraham  
posts about related  
companies

[KKR & Co Ltd Valuation – March 2017 \\$KKR](#)  
[Charles Schwab Corp Valuation – March 2017 \\$SCHW](#)  
[Synchrony Financial Valuation – Initial Coverage \\$SYF](#)  
[Franklin Resources Inc Valuation – February 2017 \\$BEN](#)  
[S&P Global Inc Valuation – Initial Coverage \\$SPGI](#)  
[CME Group Inc Valuation – February 2017 \\$CME](#)  
[Equifax Inc Valuation – February 2017 \\$EFX](#)  
[Janus Capital Group Inc Valuation – Initial Coverage \\$JNS](#)  
[Jones Lang LaSalle Inc Valuation – Initial Coverage \\$JLL](#)  
[Sun Life Financial Inc Valuation – Initial Coverage \\$TSE:SLF](#)