

ModernGraham Valuation

Estee Lauder
Companies Inc



Company Name:

Company Ticker EL

Date of Analysis

2/27/2018

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	\$51,472,187,119	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.76	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	166.38%	Pass
6. Moderate PEmg Ratio	PEmg < 20	45.80	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	11.52	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	1.76	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.31	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

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.05
MG Growth Estimate	3.68%
MG Value	\$48.38
MG Value based on 3% Growth	\$44.25
MG Value based on 0% Growth	\$25.94
Market Implied Growth Rate	18.65%

MG Opinion

Current Price	\$139.78
% of Intrinsic Value	288.94%
Opinion	Overvalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$5.49
Graham Number	\$28.16
PEmg	45.80
Current Ratio	1.76
PB Ratio	11.52
Current Dividend	\$1.32
Dividend Yield	0.94%
Number of Consecutive Years of Dividend Growth	3

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	\$2.96	Next Fiscal Year Estimate	\$3.05
Jun2017	\$3.35	Jun2017	\$3.05
Jun2016	\$2.96	Jun2016	\$2.84
Jun2015	\$2.82	Jun2015	\$2.68
Jun2014	\$3.06	Jun2014	\$2.45
Jun2013	\$2.58	Jun2013	\$1.98
Jun2012	\$2.16	Jun2012	\$1.58
Jun2011	\$1.74	Jun2011	\$1.24
Jun2010	\$1.19	Jun2010	\$0.96
Jun2009	\$0.55	Jun2009	\$0.85
Jun2008	\$1.20	Jun2008	\$0.97
Jun2007	\$1.08	Jun2007	\$0.83
Jun2006	\$0.56	Jun2006	\$0.68
Jun2005	\$0.89	Jun2005	\$0.71
Jun2004	\$0.74	Jun2004	\$0.60
Jun2003	\$0.63	Jun2003	\$0.53
Jun2002	\$0.35	Jun2002	\$0.49
Jun2001	\$0.58	Balance Sheet Information 12/1/2017	
Jun2000	\$0.60	Total Current Assets	\$5,975,000,000
Jun1999	\$0.52	Total Current Liabilities	\$3,403,000,000
Jun1998	\$0.45	Long-Term Debt	\$3,374,000,000
		Total Assets	\$12,604,000,000
		Intangible Assets	\$3,228,000,000
		Total Liabilities	\$8,039,000,000
		Shares Outstanding (Diluted Average)	376,100,000





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

- [10 Best Stocks For Value Investors This Week – 10/31/15](#)
- [The Estee Lauder Company Valuation – October 2015 Update \\$EL](#)
- [The 8 Best Stocks For Value Investors This Week – 8/8/15](#)
- [Estee Lauder Companies Analysis – August 2015 Update \\$EL](#)
- [Estee Lauder Companies Quarterly Valuation – April 2015 \\$EL](#)

Other ModernGraham posts about related companies

- [Colgate-Palmolive Co. Valuation – April 2017 \\$CL](#)
- [Coty Inc Valuation – Initial Coverage \\$COTY](#)
- [Signet Jewelers Ltd Valuation – Initial Coverage \\$\\$SIG](#)
- [Inter Parfums Inc Valuation – Initial Coverage \\$IPAR](#)
- [Church & Dwight Co Inc Valuation – Initial Coverage \\$CHD](#)
- [Service Corporation Intl Valuation – Initial Coverage \\$SCI](#)
- [Avon Products Inc Valuation – July 2016 \\$AVP](#)
- [Proctor & Gamble Co Valuation – July 2016 \\$PG](#)
- [International Flavors & Fragrances Inc Valuation – June 2016 \\$IFF](#)
- [Kimberly-Clark Corporation Valuation – June 2016 \\$KMB](#)