

ModernGraham Valuation

Company Name:

Company Ticker CPB
Date of Analysis

Campbell Soup
Company

3/30/2018



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	\$13,020,457,004	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.64	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	11.61%	Fail
5. Earnings Growth	PEmg < 20	16.68	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	6.71	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	0.64	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-2.07	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	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.60
MG Growth Estimate	2.20%
MG Value	\$33.51
MG Value based on 3% Growth	\$37.64
MG Value based on 0% Growth	\$22.07
Market Implied Growth Rate	4.09%

MG Opinion

Current Price	\$43.31
% of Intrinsic Value	129.23%
Opinion	Overvalued
MG Grade	D+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$14.84
Graham Number	\$19.13
PEmg	16.68
Current Ratio	0.64
PB Ratio	6.71
Current Dividend	\$1.40
Dividend Yield	3.23%
Number of Consecutive Years of Dividend Growth	1

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.99	Next Fiscal Year Estimate	\$2.60
Jul2017	\$2.89	Jul2017	\$2.33
Jul2016	\$1.81	Jul2016	\$2.07
Jul2015	\$2.13	Jul2015	\$2.21
Jul2014	\$2.74	Jul2014	\$2.26
Jul2013	\$1.44	Jul2013	\$2.07
Jul2012	\$2.41	Jul2012	\$2.41
Jul2011	\$2.42	Jul2011	\$2.41
Jul2010	\$2.42	Jul2010	\$2.37
Jul2009	\$2.05	Jul2009	\$2.28
Jul2008	\$3.03	Jul2008	\$2.29
Jul2007	\$2.16	Jul2007	\$1.86
Jul2006	\$1.85	Jul2006	\$1.67
Jul2005	\$1.71	Jul2005	\$1.55
Jul2004	\$1.57	Jul2004	\$1.48
Jul2003	\$1.45	Jul2003	\$1.46
Jul2002	\$1.28	Jul2002	\$1.48
Jul2001	\$1.55	Balance Sheet Information 1/1/2018	
Jul2000	\$1.65	Total Current Assets	\$1,928,000,000
Jul1999	\$1.63	Total Current Liabilities	\$3,012,000,000
Jul1998	\$1.44	Long-Term Debt	\$2,247,000,000
		Total Assets	\$8,336,000,000
		Intangible Assets	\$3,744,000,000
		Total Liabilities	\$6,394,000,000
		Shares Outstanding (Diluted Average)	301,000,000





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

- [5 Speculative and Overvalued Companies to Avoid – February 2015](#)
- [58 Companies in the Spotlight This Week – 1/31/15](#)
- [Campbell Soup Company Annual Valuation – 2015 \\$CPB](#)
- [14 Companies in the Spotlight This Week – 1/18/14](#)
- [ModernGraham Valuation: Campbell Soup Co. \(CPB\)](#)

Other ModernGraham posts about related companies

- [The Coca-Cola Co Valuation – February 2018 \\$KO](#)
- [Campbell Soup Company Valuation – September 2017 \\$CPB](#)
- [Post Holdings Inc Valuation – Initial Coverage \\$POST](#)
- [Dean Foods Co Valuation – Initial Coverage \\$DF](#)
- [George Weston Limited Valuation – Initial Coverage \\$TSE:WN](#)
- [Tyson Foods Inc Valuation – July 2017 \\$TSN](#)
- [Darling Ingredients Inc Valuation – Initial Coverage \\$DAR](#)
- [Mondelez International Inc Valuation – March 2017 \\$MDLZ](#)
- [Calavo Growers Inc Valuation – Initial Coverage \\$CVGW](#)
- [Hormel Foods Corp Valuation – March 2017 \\$HRL](#)