ModernGraham Valuation

Company Name:

Kellogg Company



Company Ticker Date of Analysis

3/29/2018

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	\$22,477,131,917 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.68 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	
5. Earnings Growth	beginning and end	9.73% Fail
Moderate PEmg Ratio	PEmg < 20	20.88 Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	10.23 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 0.68	3 Fail
2.	Sufficiently Strong Financial Condition	Debt to NCA < 1.1 -5.43	3 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	Pass

\$65.01

211.86%

Score

Suitability

MG Opinion

Defensive No Enterprising No

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.11
MG Growth Estimate	0.68%
MG Value	\$30.69
MG Value based on 3% Growth	\$45.14
MG Value based on 0% Growth	\$26.46
Market Implied Growth Rate	6.19%

% of Intrinsic Value Opinion Overvalued

Stage 3: Information for Further Research

Current Price

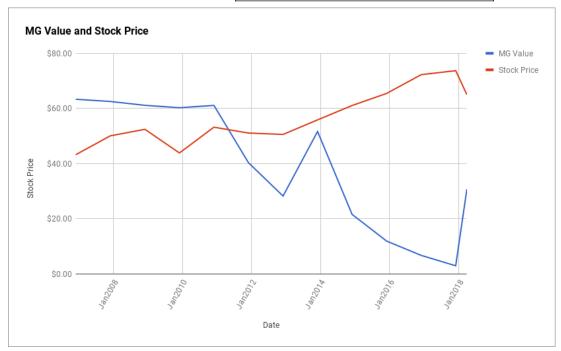
MG Grade

Net Current Asset Value (NCAV)	-\$31.90
Graham Number	\$24.68
PEmg	20.88
Current Ratio	0.68
PB Ratio	10.23
Current Dividend	\$2.12
Dividend Yield	3.26%
Number of Consecutive Years of Dividend	
Growth	13

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	•	Next Fiscal Year Estimate	\$3.11
Dec2017	\$3.62	Dec2017	\$2.64
Dec2016	\$1.96	Dec2016	\$2.30
Dec2015	\$1.72	Dec2015	\$2.54
Dec2014	\$1.75	Dec2014	\$2.98
Dec2013	\$4.94	Dec2013	\$3.50
Dec2012	\$2.67	Dec2012	\$2.83
Dec2011	\$2.38	Dec2011	\$2.91
Dec2010	\$3.40	Dec2010	\$3.11
Dec2009	\$3.16	Dec2009	\$2.89
Dec2008	\$2.99	Dec2008	\$2.69
Dec2007	\$2.76	Dec2007	\$2.47
Dec2006	\$2.51	Dec2006	\$2.27
Dec2005	\$2.36	Dec2005	\$2.05
Dec2004	\$2.14	Dec2004	\$1.83
Dec2003	\$1.92	Dec2003	\$1.59
Dec2002	\$1.75	Dec2002	\$1.38
Dec2001	\$1.16	Balance Sheet Information	12/1/2017
Dec2000	\$1.45	Total Current Assets	\$3,036,000,000
Dec1999	\$0.83	Total Current Liabilities	\$4,479,000,000
Dec1998	\$1.23	Long-Term Debt	\$7,836,000,000
	<u> </u>	Total Assets	\$16,350,000,000
		Intangible Assets	\$8,143,000,000
		Total Liabilities	\$14,138,000,000
		Shares Outstanding (Diluted Average)	348,000,000





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

27 Companies in the Spotlight This Week – 2/14/15
Kellogg Company Annual Valuation – 2015 \$K
15 Companies in the Spotlight This Week – 2/8/14

Kellogg Company (K) Annual Valuation

Other ModernGraham posts about related companies The Coca-Cola Co Valuation – February 2018 \$KO

<u>Campbell Soup Company Valuation – September 2017 \$CPB</u>

Post Holdings Inc Valuation – Initial Coverage \$POST

<u>Dean Foods Co Valuation – Initial Coverage \$DF</u>

George Weston Limited Valuation - Initial Coverage \$TSE:WN

Tyson Foods Inc Valuation – July 2017 \$TSN

<u>Darling Ingredients Inc Valuation – Initial Coverage \$DAR</u>

Mondelez International Inc Valuation - March 2017 \$MDLZ

Calavo Growers Inc Valuation - Initial Coverage \$CVGW

Hormel Foods Corp Valuation - March 2017 \$HRL