ModernGraham Valuation

Company Name:

Company Ticker LB Date of Analysis L Brands Inc



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

3/3/2018

Defensive Investor; must pass 6 out of the following 7 tests.

1.	Adequate Size of the Enterprise	Market Cap > \$2Bil	\$12,236,199,587	Pass
2.	Sufficiently Strong Financial Condition	Current Ratio > 2	1.45	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	61.79%	Pass
6.	Moderate PEmg Ratio	PEmg < 20	12.25	Pass
7.	Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	-11.02	Fail
Enterprising Investor; mus	st pass 4 out of the following 5 tests, or be s	suitable for the Defensive Investor.		

1.	Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.45	Fail
2.	Sufficiently Strong Financial Condition	Debt to NCA < 1.1	6.26	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
		Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

	EPSmg		\$3.54
	MG Growth Estimate		2.63%
	MG Value		\$48.69
	MG Value based on 3% Growth		\$51.29
	MG Value based on 0% Growth		\$30.07
	Market Implied Growth Rate		1.88%
MG Opinion			
	Current Price		\$43.35
	% of Intrinsic Value		89.04%
	Opinion	Fairly Valued	
	MG Grade	C-	

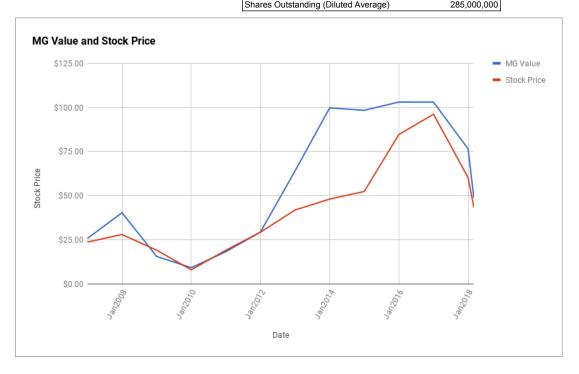
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$21.08
Graham Number	\$0.00
PEmg	12.25
Current Ratio	1.45
PB Ratio	-11.02
Current Dividend	\$2.40
Dividend Yield	5.54%
Number of Consecutive Years of Dividend Growth	7

Useful Links:

ModernGraham tagged articles Google Finance Yahoo Finance GuruFocus Morningstar MSN Money Seeking Alpha SEC Filings

EPS History		EPSmg History	
Next Fiscal Year			
Estimate		Next Fiscal Year Estimate	\$3.54
Jan2018	\$3.42	Jan2018	\$3.72
Jan2017	\$3.98	Jan2017	\$3.73
Jan2016	\$4.22	Jan2016	\$3.47
Jan2015	\$3.50	Jan2015	\$3.01
Jan2014	\$3.05	Jan2014	\$2.65
Jan2013	\$2.54	Jan2013	\$2.28
Jan2012	\$2.70	Jan2012	\$2.03
Jan2011	\$2.42	Jan2011	\$1.67
Jan2010	\$1.37	Jan2010	\$1.34
Jan2009	\$0.65	Jan2009	\$1.38
Jan2008	\$1.89	Jan2008	\$1.70
Jan2007	\$1.68	Jan2007	\$1.54
Jan2006	\$1.66	Jan2006	\$1.42
Jan2005	\$1.47	Jan2005	\$1.26
Jan2004	\$1.36	Jan2004	\$1.12
Jan2003	\$0.96	Jan2003	\$1.21
Jan2002	\$1.16	Balance Sheet Information	10/1/2017
Jan2001	\$0.91	Total Current Assets	\$2,930,000,000
Jan2000	\$0.93	Total Current Liabilities	\$2,019,000,000
Jan1999	\$4.15	Long-Term Debt	\$5,705,000,000
		Total Assets	\$7,816,000,000
		Intangible Assets	\$1,759,000,000
		Total Liabilities	\$8,937,000,000
		Shares Outstanding (Diluted Average)	285,000,000





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	7 Best Stocks For Value Investors This Week – 7/30/16 L Brands Inc Valuation – July 2016 \$LB 19 Best Stocks For Value Investors This Week – 1/9/16 L Brands Inc Valuation – January 2016 Update \$LB 19 Best Stocks For Value Investors This Week – 8/29/15
Other ModernGraham	Nike Inc Valuation – July 2017 \$NKE

 ModernGraham posts about related companies
 Deckers Outdoor Corp Valuation – Initial Coverage \$DECK

 Ralph Lauren Corp Valuation – April 2017 \$RL

 Abercrombie & Fitch Co Valuation – March 2017 \$ANF

 Crocs Inc Valuation – Initial Coverage \$CROX

 Stage Stores Inc Valuation – Initial Coverage \$CRI

 Kate Spade & Co Valuation – Initial Coverage \$KATE

 Gap Inc Valuation – January 2017 \$PVH