

ModernGraham Valuation

Company Name:

L Brands Inc

Company Ticker LB

Date of Analysis

3/3/2018



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	\$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
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	61.79%	Pass
5. Earnings Growth	PEmg < 20	12.25	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	-11.02	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	1.45	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 Score		Pass

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	Morningstar
Google Finance	MSN Money
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GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Jan2018	\$3.10	Jan2018	\$3.54
Jan2017	\$3.42	Jan2017	\$3.72
Jan2016	\$3.98	Jan2016	\$3.73
Jan2015	\$4.22	Jan2015	\$3.47
Jan2014	\$3.50	Jan2014	\$3.01
Jan2013	\$3.05	Jan2013	\$2.65
Jan2012	\$2.54	Jan2012	\$2.28
Jan2011	\$2.70	Jan2011	\$2.03
Jan2010	\$2.42	Jan2010	\$1.67
Jan2009	\$1.37	Jan2009	\$1.34
Jan2008	\$0.65	Jan2008	\$1.38
Jan2007	\$1.89	Jan2007	\$1.70
Jan2006	\$1.68	Jan2006	\$1.54
Jan2005	\$1.66	Jan2006	\$1.42
Jan2004	\$1.47	Jan2005	\$1.26
Jan2003	\$1.36	Jan2004	\$1.12
Jan2002	\$0.96	Jan2003	\$1.21
Jan2001	\$1.16	Balance Sheet Information 10/1/2017	
Jan2000	\$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.

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