

ModernGraham Valuation

Company Name:

Omnicom Group Inc.

Company Ticker OMC

Date of Analysis

4/3/2018



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	\$16,733,549,221	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.93	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	71.96%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	14.76	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	6.33	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	0.93	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-4.95	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	\$4.83
MG Growth Estimate	4.33%
MG Value	\$82.85
MG Value based on 3% Growth	\$70.04
MG Value based on 0% Growth	\$41.06
Market Implied Growth Rate	3.13%

MG Opinion

Current Price	\$71.27
% of Intrinsic Value	86.02%
Opinion	Fairly Valued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$35.28
Graham Number	\$36.78
PEmg	14.76
Current Ratio	0.93
PB Ratio	6.33
Current Dividend	\$2.25
Dividend Yield	3.16%
Number of Consecutive Years of Dividend Growth	8

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	\$5.29	Next Fiscal Year Estimate	\$4.83
Dec2017	\$4.65	Dec2017	\$4.52
Dec2016	\$4.78	Dec2016	\$4.35
Dec2015	\$4.41	Dec2015	\$4.05
Dec2014	\$4.24	Dec2014	\$3.75
Dec2013	\$3.71	Dec2013	\$3.39
Dec2012	\$3.61	Dec2012	\$3.18
Dec2011	\$3.33	Dec2011	\$2.95
Dec2010	\$2.70	Dec2010	\$2.76
Dec2009	\$2.53	Dec2009	\$2.75
Dec2008	\$3.14	Dec2008	\$2.75
Dec2007	\$2.93	Dec2007	\$2.45
Dec2006	\$2.50	Dec2006	\$2.13
Dec2005	\$2.18	Dec2005	\$1.87
Dec2004	\$1.94	Dec2004	\$1.65
Dec2003	\$1.68	Dec2003	\$1.46
Dec2002	\$1.54	Dec2002	\$1.29
Dec2001	\$1.24	Balance Sheet Information 12/1/2017	
Dec2000	\$1.31	Total Current Assets	\$14,116,000,000
Dec1999	\$1.01	Total Current Liabilities	\$15,108,900,000
Dec1998	\$0.79	Long-Term Debt	\$4,912,900,000
		Total Assets	\$24,931,200,000
		Intangible Assets	\$9,705,900,000
		Total Liabilities	\$22,316,100,000
		Shares Outstanding (Diluted Average)	232,400,000





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

- [24 Companies in the Spotlight This Week – 3/28/15](#)
- [Omnicom Group Inc. Annual Valuation – 2015 \\$OMC](#)
- [17 Companies in the Spotlight This Week – 3/29/14](#)
- [Omnicom Group Inc. \(OMC\) Annual Valuation – 2014](#)

Other ModernGraham posts about related companies

- [Nielsen N.V. Ordinary Shares Valuation – July 2017 \\$NLSN](#)
- [Lamar Advertising Company Valuation – Initial Coverage \\$LAMR](#)
- [Interpublic Group of Companies Inc Valuation – December 2016 \\$IPG](#)
- [Nielsen NV Valuation – August 2016 \\$NLSN](#)
- [Interpublic Group of Companies Inc Valuation – August 2016 \\$IPG](#)
- [Omnicom Group Inc Valuation – July 2016 \\$OMC](#)
- [Nielsen NV Analysis – July 2015 Update \\$NLSN](#)
- [Interpublic Group of Companies Inc. Annual Valuation – 2015 \\$IPG](#)
- [Nielsen N.V. Annual Valuation – 2014 \\$NLSN](#)
- [Interpublic Group of Companies \(IPG\) Annual Valuation – 2014](#)