

# ModernGraham Valuation

Company Name:

Yum! Brands, Inc.

Company Ticker YUM

Date of Analysis

4/23/2018



## 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	\$28,206,279,751	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.66	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	50.82%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	25.02	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	-4.69	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	1.66	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	9.48	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

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$3.43
MG Growth Estimate	4.79%
<b>MG Value</b>	<b>\$62.06</b>
MG Value based on 3% Growth	\$49.78
MG Value based on 0% Growth	\$29.18
Market Implied Growth Rate	8.26%

### MG Opinion

Current Price	\$85.89
% of Intrinsic Value	138.41%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>C</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$26.41
Graham Number	\$0.00
PEmg	25.02
Current Ratio	1.66
PB Ratio	-4.69
Current Dividend	\$1.20
Dividend Yield	1.40%
Number of Consecutive Years of Dividend Growth	0

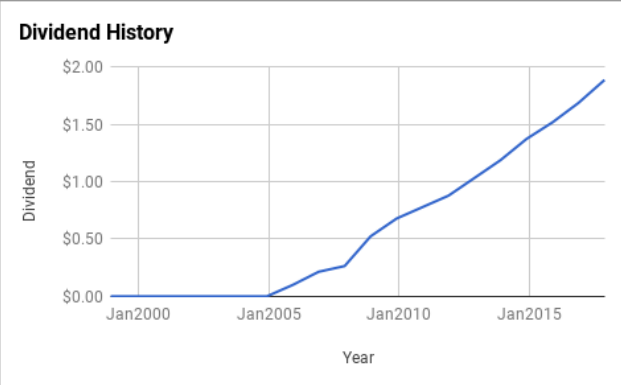
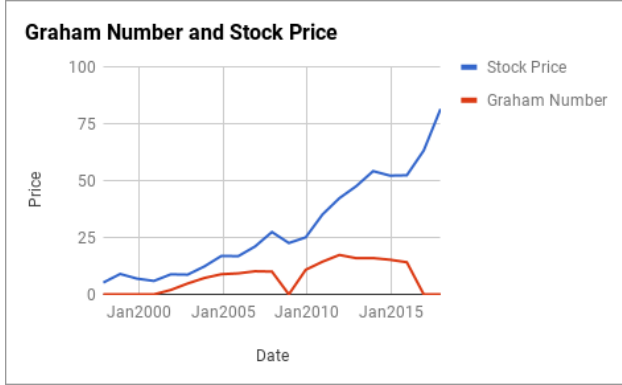
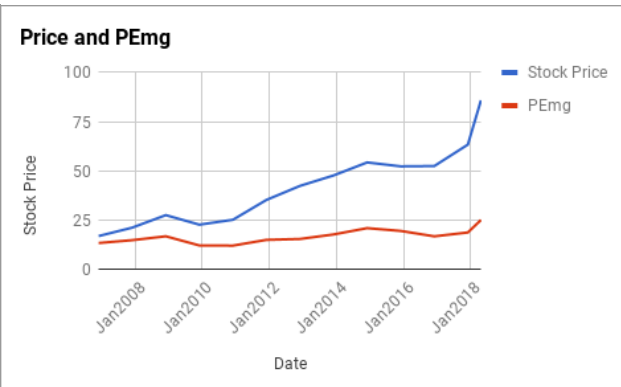
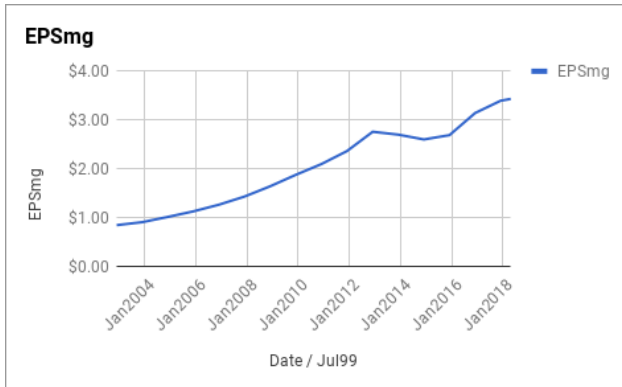
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[Morningstar](#)  
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.20	Next Fiscal Year Estimate	\$3.43
Dec2017	\$3.77	Dec2017	\$3.40
Dec2016	\$4.10	Dec2016	\$3.14
Dec2015	\$2.90	Dec2015	\$2.69
Dec2014	\$2.32	Dec2014	\$2.60
Dec2013	\$2.36	Dec2013	\$2.70
Dec2012	\$3.38	Dec2012	\$2.76
Dec2011	\$2.74	Dec2011	\$2.37
Dec2010	\$2.38	Dec2010	\$2.10
Dec2009	\$2.22	Dec2009	\$1.88
Dec2008	\$1.96	Dec2008	\$1.64
Dec2007	\$1.68	Dec2007	\$1.43
Dec2006	\$1.46	Dec2006	\$1.27
Dec2005	\$1.28	Dec2005	\$1.13
Dec2004	\$1.21	Dec2004	\$1.01
Dec2003	\$1.01	Dec2003	\$0.91
Dec2002	\$0.94	Dec2002	\$0.85
Dec2001	\$0.81	<b>Balance Sheet Information</b>	
Dec2000	\$0.69	<b>12/1/2017</b>	
Dec1999	\$0.98	Total Current Assets	\$2,507,000,000
Dec1998	\$0.71	Total Current Liabilities	\$1,512,000,000
		Long-Term Debt	\$9,429,000,000
		Total Assets	\$5,311,000,000
		Intangible Assets	\$622,000,000
		Total Liabilities	\$11,645,000,000
		Shares Outstanding (Diluted Average)	346,000,000





**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**
- [Yum Brands Inc Valuation – December 2016 \\$YUM](#)
  - [5 of the Worst Stocks to Invest In – August 2016](#)
  - [Yum! Brands Inc Valuation – August 2016 \\$YUM](#)
  - [5 Speculative and Overvalued Companies to Avoid – March 2015](#)
  - [18 Companies in the Spotlight This Week – 3/15/15](#)

- Other ModernGraham posts about related companies**
- [Starbucks Corporation Valuation – March 2018 \\$SBUX](#)
  - [McDonald's Corporation Valuation – February 2018 \\$MCD](#)
  - [El Pollo LoCo Holdings Inc Valuation – Initial Coverage \\$LOCO](#)
  - [Chipotle Mexican Grill Inc Valuation – March 2017 \\$CMG](#)
  - [Sonic Corporation Valuation – Initial Coverage \\$SONC](#)
  - [Darden Restaurants Inc Valuation – February 2017 \\$DRI](#)
  - [Jack in the Box Inc Valuation – Initial Coverage \\$JACK](#)
  - [Chuy's Holdings Inc Valuation – Initial Coverage \\$CHUY](#)
  - [Yum Brands Inc Valuation – December 2016 \\$YUM](#)
  - [McDonald's Corp Valuation – November 2016 \\$MCD](#)