

ModernGraham Valuation

Archer Daniels
Midland Co



Company Name:

Company Ticker ADM

Date of Analysis

5/2/2018

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	\$24,830,711,166	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.59	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	-11.43%	Fail
6. Moderate PEmg Ratio	PEmg < 20	16.24	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.37	Pass

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	1.59	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.90	Pass
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	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.74
MG Growth Estimate	0.38%
MG Value	\$25.34
MG Value based on 3% Growth	\$39.66
MG Value based on 0% Growth	\$23.25
Market Implied Growth Rate	3.87%

MG Opinion

Current Price	\$44.43
% of Intrinsic Value	175.32%
Opinion	Overvalued
MG Grade	A-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$3.05
Graham Number	\$45.51
PEmg	16.24
Current Ratio	1.59
PB Ratio	1.37
Current Dividend	\$1.28
Dividend Yield	2.88%
Number of Consecutive Years of Dividend Growth	20

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.80	Next Fiscal Year Estimate	\$2.74
Dec2017	\$2.79	Dec2017	\$2.69
Dec2016	\$2.16	Dec2016	\$2.59
Dec2015	\$2.98	Dec2015	\$2.77
Dec2014	\$3.43	Dec2014	\$2.67
Dec2013	\$2.02	Dec2013	\$2.36
Jun2012	\$1.84	Jun2012	\$2.58
Jun2011	\$3.13	Jun2011	\$2.96
Jun2010	\$3.00	Jun2010	\$2.83
Jun2009	\$2.62	Jun2009	\$2.65
Jun2008	\$2.79	Jun2008	\$2.47
Jun2007	\$3.30	Jun2007	\$2.10
Jun2006	\$2.00	Jun2006	\$1.39
Jun2005	\$1.59	Jun2005	\$1.01
Jun2004	\$0.76	Jun2004	\$0.70
Jun2003	\$0.70	Jun2003	\$0.64
Jun2002	\$0.78	Jun2002	\$0.58
Jun2001	\$0.55	Balance Sheet Information 12/1/2017	
Jun2000	\$0.45	Total Current Assets	\$19,925,000,000
Jun1999	\$0.35	Total Current Liabilities	\$12,570,000,000
Jun1998	\$0.59	Long-Term Debt	\$6,623,000,000
		Total Assets	\$39,963,000,000
		Intangible Assets	\$3,918,000,000
		Total Liabilities	\$21,650,000,000
		Shares Outstanding (Diluted Average)	566,000,000





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

- [Archer Daniels Midland Company Valuation – January 2017 \\$ADM](#)
- [Archer Daniels Midland Co – August 2016 \\$ADM](#)
- [Archer-Daniels Midland Co Valuation – February 2016 \\$ADM](#)
- [Archer Daniels Midland Valuation – November 2015 Update \\$ADM](#)
- [Archer Daniels Midland Company Analysis – 2015 Update \\$ADM](#)

Other ModernGraham posts about related companies

- [Monster Beverage Corp Valuation – April 2018 \\$MNST](#)
- [Campbell Soup Co Valuation – March 2018 \\$CPB](#)
- [Kellogg Company Valuation – March 2018 \\$K](#)
- [Hershey Co Valuation – March 2018 \\$HSY](#)
- [PepsiCo Inc Valuation – March 2018 \\$PEP](#)
- [The Coca-Cola Co Valuation – February 2018 \\$KO](#)
- [Campbell Soup Company Valuation – September 2017 \\$CPB](#)
- [Post Holdings Inc Valuation – Initial Coverage \\$POST](#)
- [Dean Foods Co Valuation – Initial Coverage \\$DF](#)
- [George Weston Limited Valuation – Initial Coverage \\$TSE:WN](#)