

ModernGraham Valuation

Company Name:

Kraft Heinz Co

Company Ticker KHC

Date of Analysis

5/17/2018



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	\$70,486,672,880	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.72	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	71.27%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	13.74	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.08	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	0.72	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-9.88	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
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	\$4.23
MG Growth Estimate	5.24%
MG Value	\$80.24
MG Value based on 3% Growth	\$61.28
MG Value based on 0% Growth	\$35.92
Market Implied Growth Rate	2.62%

MG Opinion

Current Price	\$58.06
% of Intrinsic Value	72.36%
Opinion	Undervalued
MG Grade	B-

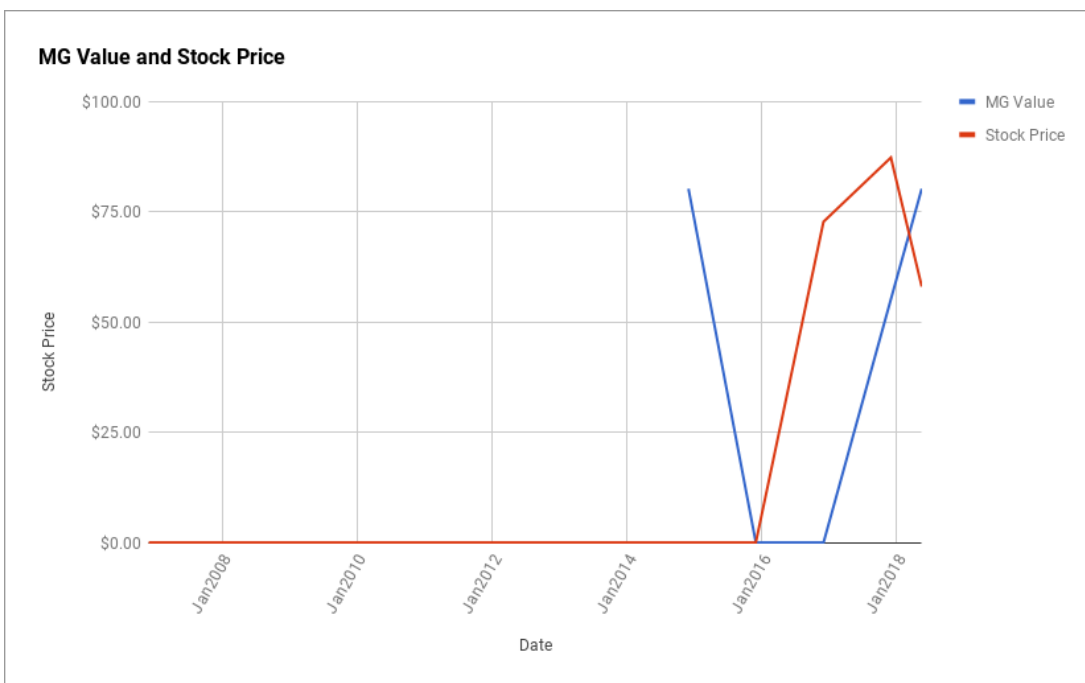
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$38.36
Graham Number	\$66.42
PEmg	13.74
Current Ratio	0.72
PB Ratio	1.08
Current Dividend	\$2.45
Dividend Yield	4.22%
Number of Consecutive Years of Dividend Growth	3

Useful Links:

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

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.62	Next Fiscal Year Estimate	\$4.23
Dec2017	\$8.95	Dec2017	\$4.20
Dec2016	\$2.81	Dec2016	\$1.98
Dec2015	-\$0.34	Dec2015	\$1.82
Dec2014	\$1.74	Dec2014	\$3.13
Dec2013	\$4.51	Dec2013	\$3.63
Dec2012	\$2.75	Dec2012	\$2.91
Dec2011	\$3.00	Dec2011	\$2.59
Dec2010	\$5.98	Dec2010	\$1.99
Dec2009	\$0.00	Dec2009	\$0.00
Dec2008	\$0.00	Dec2008	\$0.00
Dec2007	\$0.00	Dec2007	\$0.00
Dec2006	\$0.00	Dec2006	\$0.00
Dec2005	\$0.00	Dec2005	\$0.00
Dec2004	\$0.00	Dec2004	\$0.00
Dec2003	\$0.00	Dec2003	\$0.00
Dec2002	\$0.00	Dec2002	\$0.00
Dec2001	\$0.00	Balance Sheet Information 3/1/2018	
Dec2000	\$0.00	Total Current Assets	\$7,437,000,000
Dec1999	\$0.00	Total Current Liabilities	\$10,329,000,000
Dec1998	\$0.00	Long-Term Debt	\$28,561,000,000
		Total Assets	\$120,787,000,000
		Intangible Assets	\$104,443,000,000
		Total Liabilities	\$54,539,000,000
		Shares Outstanding (Diluted Average)	1,228,000,000





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

- [5 of the Worst Stocks to Invest In – February 2017](#)
- [Kraft Heinz Co Valuation – Initial Coverage \\$KHC](#)

Other ModernGraham posts about related companies

- [Dr Pepper Snapple Group Inc Valuation – May 2018 \\$DPS](#)
- [Sysco Corp Valuation – May 2018 \\$SYY](#)
- [General Mills Inc Valuation – May 2018 \\$GIS](#)
- [Archer-Daniels Midland Co Valuation – May 2018 \\$ADM](#)
- [Conagra Brands Inc Valuation – May 2018 \\$CAG](#)
- [McCormick & Co Inc Valuation – May 2018 \\$MKC](#)
- [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](#)