

# ModernGraham Valuation

McCormick &  
Company,  
Incorporated



## Company Name:

Company Ticker MKC

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	\$13,340,997,112	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.86	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	56.59%	Pass
5. Earnings Growth	PEmg < 20	25.57	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	4.41	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	0.86	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-16.49	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		Pass
	Score		

### Suitability

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

## Stage 2: Determination of Intrinsic Value

EPSmg	\$3.97
MG Growth Estimate	4.53%
<b>MG Value</b>	<b>\$69.76</b>
MG Value based on 3% Growth	\$57.62
MG Value based on 0% Growth	\$33.78
Market Implied Growth Rate	8.54%

### MG Opinion

Current Price	\$101.62
% of Intrinsic Value	145.67%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>C-</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$42.87
Graham Number	\$46.04
PEmg	25.57
Current Ratio	0.86
PB Ratio	4.41
Current Dividend	\$1.88
Dividend Yield	1.85%
Number of Consecutive Years of Dividend Growth	20

### Useful Links:

[ModernGraham tagged articles](#)      [Morningstar](#)  
[Google Finance](#)                      [MSN Money](#)  
[Yahoo Finance](#)                         [Seeking Alpha](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.82	Next Fiscal Year Estimate	\$3.97
Nov2017	\$3.72	Nov2017	\$3.49
Nov2016	\$3.69	Nov2016	\$3.32
Nov2015	\$3.11	Nov2015	\$3.10
Nov2014	\$3.34	Nov2014	\$3.05
Nov2013	\$2.91	Nov2013	\$2.86
Nov2012	\$3.04	Nov2012	\$2.74
Nov2011	\$2.79	Nov2011	\$2.49
Nov2010	\$2.75	Nov2010	\$2.24
Nov2009	\$2.27	Nov2009	\$1.92
Nov2008	\$1.94	Nov2008	\$1.72
Nov2007	\$1.73	Nov2007	\$1.59
Nov2006	\$1.50	Nov2006	\$1.50
Nov2005	\$1.56	Nov2005	\$1.46
Nov2004	\$1.52	Nov2004	\$1.36
Nov2003	\$1.48	Nov2003	\$1.22
Nov2002	\$1.26	Nov2002	\$1.04
Nov2001	\$1.05	<b>Balance Sheet Information 2/1/2018</b>	
Nov2000	\$0.99	Total Current Assets	\$1,606,000,000
Nov1999	\$0.72	Total Current Liabilities	\$1,871,500,000
Nov1998	\$0.71	Long-Term Debt	\$4,378,600,000
		Total Assets	\$10,363,000,000
		Intangible Assets	\$7,533,100,000
		Total Liabilities	\$7,302,800,000
		Shares Outstanding (Diluted Average)	132,900,000





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

- [McCormick & Company Valuation – January 2017 \\$MKC](#)
- [McCormick & Company Inc. Analysis – August 2015 Update \\$MKC](#)
- [20 Companies in the Spotlight This Week – 8/16/14](#)
- [McCormick & Company Inc. Annual Valuation – 2014 \\$MKC](#)

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](#)