ModernGraham Valuation

Company Name:

Hormel Foods Corp



Company Ticker HRL

Date of Analysis 6/11/2018

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.

 Adequate Size of the Enterprise 	Market Cap > \$2Bil	\$19,386,243,980 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.61 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	
5. Earnings Growth	beginning and end	125.26% Pass
6. Moderate PEmg Ratio	PEmg < 20	22.92 Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.76 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	1.61 Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.89 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	Pass

84 27%

Score

Suitability

MG Opinion

Defensive No Enterprising Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.60
MG Growth Estimate	9.35%
MG Value	\$43.45
MG Value based on 3% Growth	\$23.16
MG Value based on 0% Growth	\$13.58
Market Implied Growth Rate	7.21%
Current Price	\$36.61

% of Intrinsic Value Opinion **Fairly Valued**

MG Grade

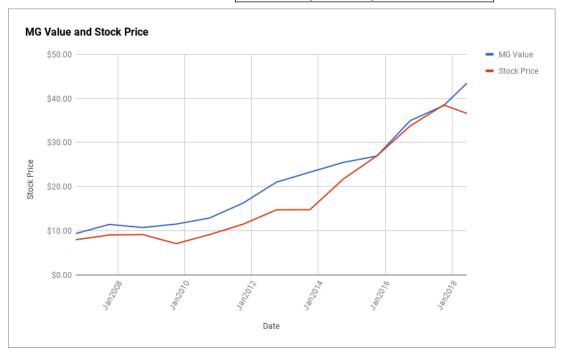
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$1.27
Graham Number	\$19.56
PEmg	22.92
Current Ratio	1.61
PB Ratio	3.76
Current Dividend	\$0.68
Dividend Yield	1.86%
Number of Consecutive Years of Dividend	
Growth	20

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EPS History		EPSmg History	
Next Fiscal Year			
Estimate	****	Next Fiscal Year Estimate	\$1.60
Oct2017	\$1.57	Oct2017	\$1.43
Oct2016	\$1.64	Oct2016	\$1.30
Oct2015	\$1.27	Oct2015	\$1.10
Oct2014	\$1.12	Oct2014	\$0.98
Oct2013	\$0.98	Oct2013	\$0.89
Oct2012	\$0.93	Oct2012	\$0.81
Oct2011	\$0.87	Oct2011	\$0.72
Oct2010	\$0.73	Oct2010	\$0.62
Oct2009	\$0.63	Oct2009	\$0.56
Oct2008	\$0.52	Oct2008	\$0.51
Oct2007	\$0.54	Oct2007	\$0.49
Oct2006	\$0.51	Oct2006	\$0.44
Oct2005	\$0.46	Oct2005	\$0.40
Oct2004	\$0.42	Oct2004	\$0.36
Oct2003	\$0.33	Oct2003	\$0.32
Oct2002	\$0.34	Oct2002	\$0.31
Oct2001	\$0.33	Balance Sheet Information	4/1/2018
Oct2000	\$0.30	Total Current Assets	\$1,850,780,000
Oct1999	\$0.28	Total Current Liabilities	\$1,148,461,000
Oct1998	\$0.23	Long-Term Debt	\$624,763,000
		Total Assets	\$7,829,749,000
		Intangible Assets	\$3,983,252,000
		Total Liabilities	\$2,538,116,000
		Shares Outstanding (Diluted Average)	542,811,000





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.

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