

ModernGraham Valuation

Lancaster Colony
Corp.



Company Name:

Company Ticker LANC

Date of Analysis

8/28/2018

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	\$4,225,881,575	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	4.04	Pass
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	23.38%	Fail
5. Earnings Growth	PEmg < 20	33.08	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	6.48	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	4.04	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	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	\$4.65
MG Growth Estimate	4.96%
MG Value	\$85.67
MG Value based on 3% Growth	\$67.41
MG Value based on 0% Growth	\$39.51
Market Implied Growth Rate	12.29%

MG Opinion

Current Price	\$153.79
% of Intrinsic Value	179.51%
Opinion	Overvalued
MG Grade	C+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$8.25
Graham Number	\$51.52
PEmg	33.08
Current Ratio	4.04
PB Ratio	6.48
Current Dividend	\$2.35
Dividend Yield	1.53%
Number of Consecutive Years of Dividend Growth	20

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	\$4.97	Next Fiscal Year Estimate	\$4.65
Jun2018	\$4.92	Jun2018	\$4.33
Jun2017	\$4.20	Jun2017	\$3.96
Jun2016	\$4.44	Jun2016	\$3.79
Jun2015	\$3.72	Jun2015	\$3.49
Jun2014	\$2.74	Jun2014	\$3.46
Jun2013	\$3.99	Jun2013	\$3.79
Jun2012	\$3.51	Jun2012	\$3.52
Jun2011	\$3.84	Jun2011	\$3.27
Jun2010	\$4.07	Jun2010	\$2.82
Jun2009	\$3.17	Jun2009	\$2.19
Jun2008	\$1.28	Jun2008	\$1.79
Jun2007	\$1.45	Jun2007	\$2.14
Jun2006	\$2.48	Jun2006	\$2.50
Jun2005	\$2.56	Jun2005	\$2.51
Jun2004	\$2.04	Jun2004	\$2.49
Jun2003	\$3.11	Jun2003	\$2.66
Jun2002	\$2.49	Balance Sheet Information 6/1/2018	
Jun2001	\$2.37	Total Current Assets	\$378,877,000
Jun2000	\$2.51	Total Current Liabilities	\$93,767,000
Jun1999	\$2.28	Long-Term Debt	\$0
		Total Assets	\$804,491,000
		Intangible Assets	\$0
		Total Liabilities	\$152,209,000
		Shares Outstanding (Diluted Average)	27,467,000





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 [Lancaster Colony Corp Valuation – Initial Coverage \\$LANC](#)

Other ModernGraham posts about related companies [SpartanNash Co Valuation – August 2018 \\$SPTN](#)
[Core-Mark Holding Co Inc Valuation – August 2018 \\$SCORE](#)
[J&J Snack Foods Corp Valuation – August 2018 \\$JJSF](#)
[Coca-Cola European Partners PLC Valuation – July 2018 \\$CCE](#)
[Seneca Foods Corp Valuation – July 2018 \\$SENEA](#)
[Saputo Inc Valuation – July 2018 \\$TSE-SAP](#)
[Ingredion Inc Valuation – July 2018 \\$INGR](#)
[B&G Foods Inc Valuation – July 2018 \\$BGS](#)
[Tyson Foods Inc Valuation – June 2018 \\$TSN](#)
[Mondelez International Inc Valuation – June 2018 \\$MDLZ](#)