

ModernGraham Valuation

Company Name:

Company Ticker EL
Date of Analysis

Estee Lauder
Companies Inc

12/5/2018



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	\$55,944,653,011	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.75	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	115.52%	Pass
6. Moderate PEmg Ratio	PEmg < 20	40.07	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	12.18	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	1.75	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.25	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 Score		Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.60
MG Growth Estimate	5.16%
MG Value	\$67.65
MG Value based on 3% Growth	\$52.14
MG Value based on 0% Growth	\$30.57
Market Implied Growth Rate	15.78%

MG Opinion

Current Price	\$144.09
% of Intrinsic Value	212.98%
Opinion	Overvalued
MG Grade	C

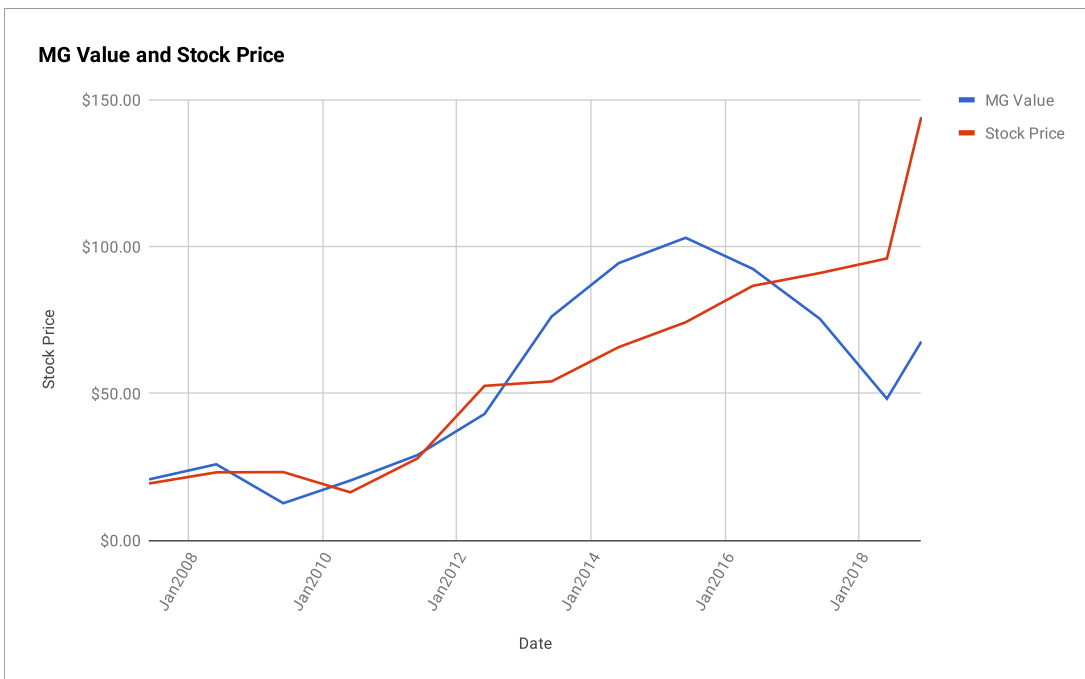
Stage 3: Information for Further Research

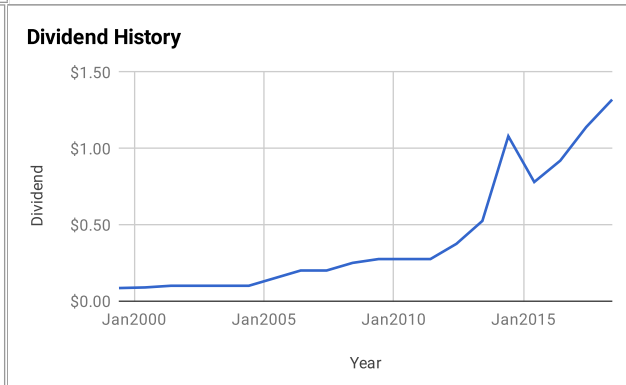
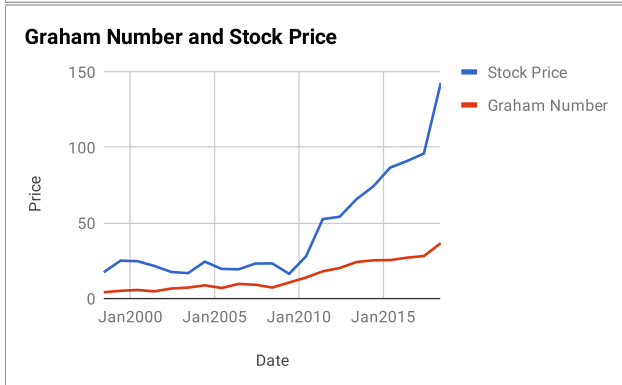
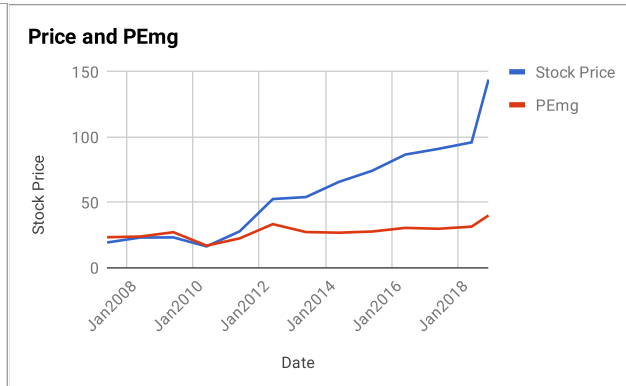
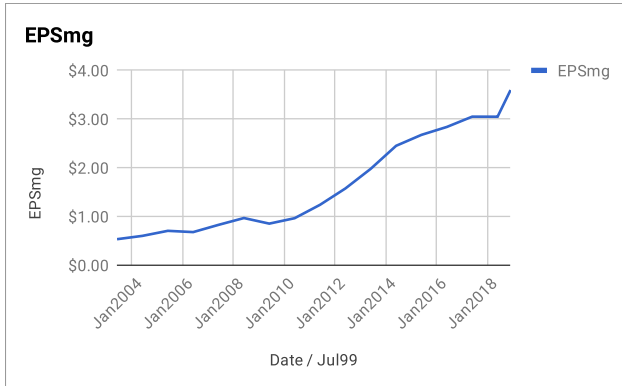
Net Current Asset Value (NCAV)	-\$4.98
Graham Number	\$36.63
PEmg	40.07
Current Ratio	1.75
PB Ratio	12.18
Current Dividend	\$1.48
Dividend Yield	1.03%
Number of Consecutive Years of Dividend Growth	4

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	\$4.67	Next Fiscal Year Estimate	\$3.60
Jun2018	\$2.95	Jun2018	\$3.05
Jun2017	\$3.35	Jun2017	\$3.05
Jun2016	\$2.96	Jun2016	\$2.84
Jun2015	\$2.82	Jun2015	\$2.68
Jun2014	\$3.06	Jun2014	\$2.45
Jun2013	\$2.58	Jun2013	\$1.98
Jun2012	\$2.16	Jun2012	\$1.58
Jun2011	\$1.74	Jun2011	\$1.24
Jun2010	\$1.19	Jun2010	\$0.96
Jun2009	\$0.55	Jun2009	\$0.85
Jun2008	\$1.20	Jun2008	\$0.97
Jun2007	\$1.08	Jun2007	\$0.83
Jun2006	\$0.56	Jun2006	\$0.68
Jun2005	\$0.89	Jun2005	\$0.71
Jun2004	\$0.74	Jun2004	\$0.60
Jun2003	\$0.63	Jun2003	\$0.53
Jun2002	\$0.35	Balance Sheet Information 9/1/2018	
Jun2001	\$0.58	Total Current Assets	\$6,249,000,000
Jun2000	\$0.60	Total Current Liabilities	\$3,563,000,000
Jun1999	\$0.52	Long-Term Debt	\$3,361,000,000
		Total Assets	\$12,543,000,000
		Intangible Assets	\$3,193,000,000
		Total Liabilities	\$8,113,000,000
		Shares Outstanding (Diluted Average)	374,400,000





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**
- [Estee Lauder Companies Inc Valuation – February 2018 \\$EL](#)
 - [10 Best Stocks For Value Investors This Week – 5/21/16](#)
 - [Estee Lauder Companies Inc Valuation – May 2016 \\$EL](#)
 - [10 Best Stocks For Value Investors This Week – 10/31/15](#)
 - [The Estee Lauder Company Valuation – October 2015 Update \\$EL](#)

- Other ModernGraham posts about related companies**
- [Proctor & Gamble Co Valuation – November 2018 \\$PG](#)
 - [Johnson & Johnson Valuation – November 2018 \\$JNJ](#)
 - [Inter Parfums Inc Valuation – July 2018 \\$IPAR](#)
 - [Service Corp International Valuation – July 2018 \\$SCI](#)
 - [Avon Products Inc Valuation – June 2018 \\$AVP](#)
 - [Colgate-Palmolive Co Valuation – June 2018 \\$CL](#)
 - [Coty Inc Valuation – May 2018 \\$COTY](#)
 - [Church & Dwight Co Inc Valuation – April 2018 \\$CHD](#)
 - [Kimberly-Clark Corp Valuation – March 2018 \\$KMB](#)
 - [International Flavors & Fragrances Inc Valuation – March 2018 \\$IFF](#)