

# ModernGraham Valuation

Company Name:

Hershey Co

Company Ticker HSY

Date of Analysis

1/26/2019



## 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	\$21,882,954,180	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.01	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	78.25%	Pass
5. Earnings Growth	PEmg < 20	26.46	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	17.59	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	1.01	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	92.39	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

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

## Stage 2: Determination of Intrinsic Value

EPSmg	\$3.94
MG Growth Estimate	2.86%
<b>MG Value</b>	<b>\$56.05</b>
MG Value based on 3% Growth	\$57.15
MG Value based on 0% Growth	\$33.50
Market Implied Growth Rate	8.98%

### MG Opinion

Current Price	\$104.30
% of Intrinsic Value	186.07%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>D</b>

## Stage 3: Information for Further Research

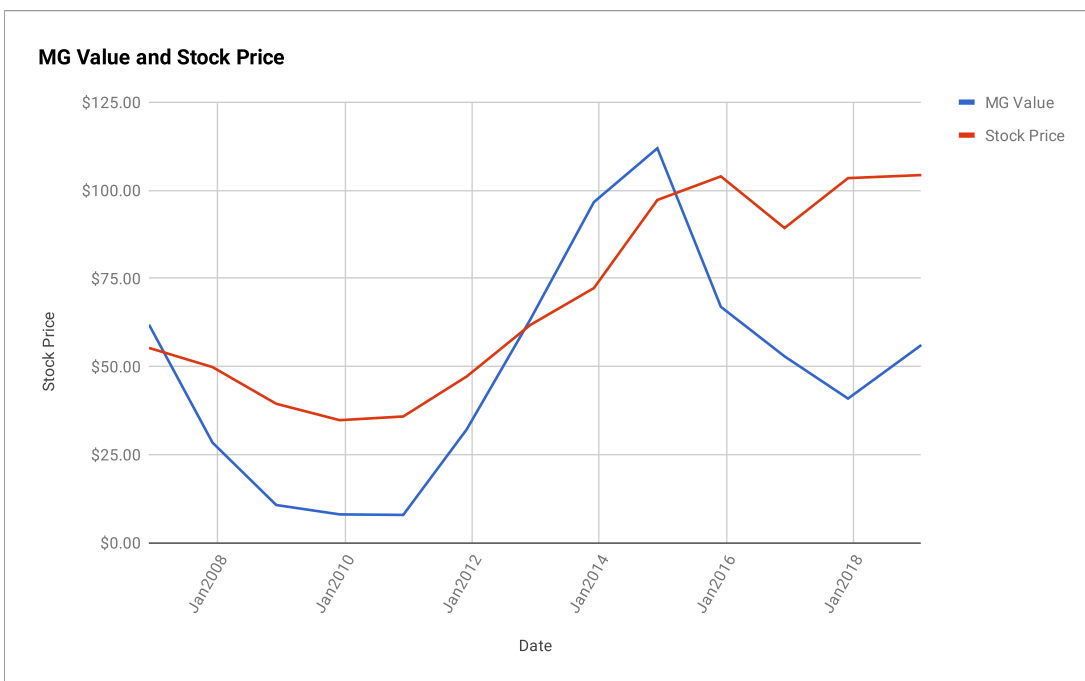
Net Current Asset Value (NCAV)	-\$18.00
Graham Number	\$22.56
PEmg	26.46
Current Ratio	1.01
PB Ratio	17.59
Current Dividend	\$2.55
Dividend Yield	2.44%
Number of Consecutive Years of Dividend Growth	8

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[Morningstar](#)  
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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	\$3.94
Dec2017	\$5.21	Dec2017	\$3.32
Dec2016	\$3.66	Dec2016	\$3.16
Dec2015	\$3.34	Dec2015	\$3.07
Dec2014	\$2.32	Dec2014	\$3.31
Dec2013	\$3.77	Dec2013	\$2.94
Dec2012	\$3.61	Dec2012	\$2.48
Dec2011	\$2.89	Dec2011	\$2.13
Dec2010	\$2.74	Dec2010	\$1.80
Dec2009	\$2.21	Dec2009	\$1.63
Dec2008	\$1.90	Dec2008	\$1.58
Dec2007	\$1.36	Dec2007	\$1.74
Dec2006	\$0.93	Dec2006	\$2.08
Dec2005	\$2.34	Dec2005	\$1.85
Dec2004	\$1.97	Dec2004	\$1.68
Dec2003	\$2.24	Dec2003	\$1.38
Dec2002	\$1.73	Dec2002	\$1.22
Dec2001	\$1.47	<b>Balance Sheet Information 9/1/2018</b>	
Dec2000	\$0.75	Total Current Assets	\$2,794,046,000
Dec1999	\$1.18	Total Current Liabilities	\$2,758,826,000
Dec1998	\$1.63	Long-Term Debt	\$3,253,879,000
	\$1.17	Total Assets	\$7,836,189,000
		Intangible Assets	\$2,806,398,000
		Total Liabilities	\$6,586,917,000
		Shares Outstanding (Diluted Average)	210,681,000





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:

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ModernGraham  
posts about the  
company

[Hershey Co Valuation – March 2018 \\$HSY](#)  
[5 Speculative and Overvalued Companies to Avoid – July 2016](#)  
[Hershey Co Valuation – July 2016 \\$HSY](#)  
[58 Companies in the Spotlight This Week – 1/31/15](#)  
[Hershey Company Annual Valuation – 2015 \\$HSY](#)

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[Calavo Growers Inc Valuation – October 2018 \\$CVGW](#)  
[Lancaster Colony Corp Valuation – August 2018 \\$LANC](#)  
[SpartanNash Co Valuation – August 2018 \\$SPTN](#)  
[Core-Mark Holding Co Inc Valuation – August 2018 \\$CORE](#)  
[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](#)