

# ModernGraham Valuation

Company Name:

Kellogg Company

Company Ticker K

Date of Analysis

1/27/2019



## 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	\$20,050,872,956	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.84	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	17.56%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	17.26	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	5.58	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	0.84	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-13.90	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	\$3.35
MG Growth Estimate	1.85%
<b>MG Value</b>	<b>\$40.85</b>
MG Value based on 3% Growth	\$48.53
MG Value based on 0% Growth	\$28.45
Market Implied Growth Rate	4.38%

### MG Opinion

Current Price	\$57.78
% of Intrinsic Value	141.44%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>D+</b>

## Stage 3: Information for Further Research

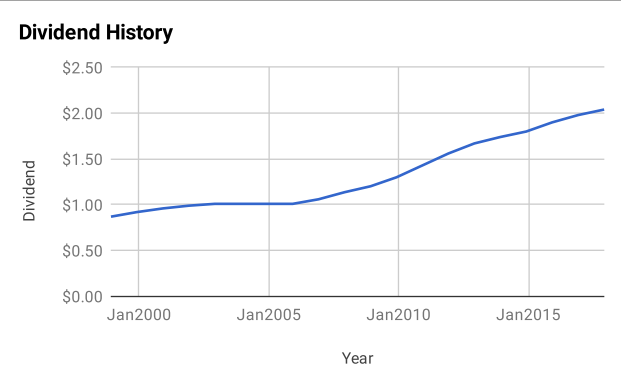
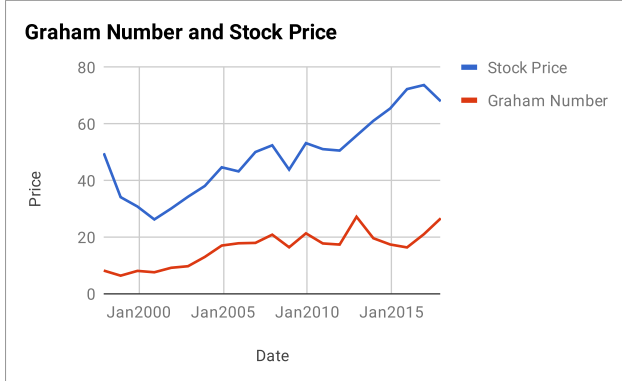
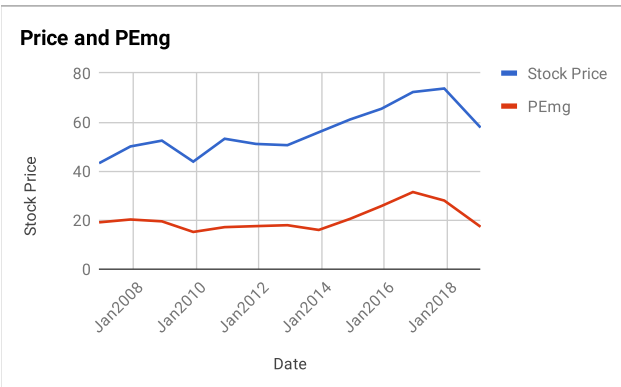
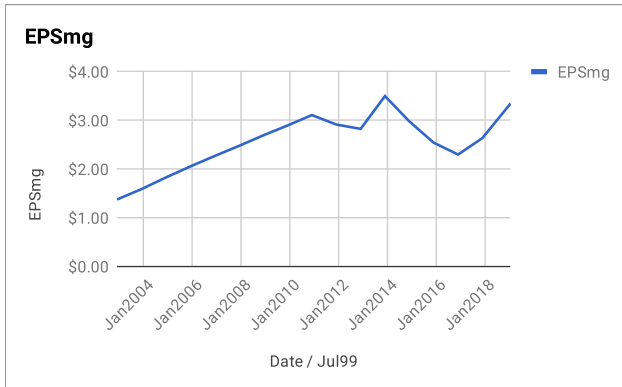
Net Current Asset Value (NCAV)	-\$31.79
Graham Number	\$26.64
PEmg	17.26
Current Ratio	0.84
PB Ratio	5.58
Current Dividend	\$2.12
Dividend Yield	3.67%
Number of Consecutive Years of Dividend Growth	13

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.93	Next Fiscal Year Estimate	\$3.35
Dec2017	\$3.62	Dec2017	\$2.64
Dec2016	\$1.96	Dec2016	\$2.30
Dec2015	\$1.72	Dec2015	\$2.54
Dec2014	\$1.75	Dec2014	\$2.98
Dec2013	\$4.94	Dec2013	\$3.50
Dec2012	\$2.67	Dec2012	\$2.83
Dec2011	\$2.38	Dec2011	\$2.91
Dec2010	\$3.40	Dec2010	\$3.11
Dec2009	\$3.16	Dec2009	\$2.89
Dec2008	\$2.99	Dec2008	\$2.69
Dec2007	\$2.76	Dec2007	\$2.47
Dec2006	\$2.51	Dec2006	\$2.27
Dec2005	\$2.36	Dec2005	\$2.05
Dec2004	\$2.14	Dec2004	\$1.83
Dec2003	\$1.92	Dec2003	\$1.59
Dec2002	\$1.75	Dec2002	\$1.38
Dec2001	\$1.16	<b>Balance Sheet Information 9/1/2018</b>	
Dec2000	\$1.45	Total Current Assets	\$3,403,000,000
Dec1999	\$0.83	Total Current Liabilities	\$4,030,000,000
Dec1998	\$1.23	Long-Term Debt	\$8,715,000,000
		Total Assets	\$18,114,000,000
		Intangible Assets	\$9,427,000,000
		Total Liabilities	\$14,499,000,000
		Shares Outstanding (Diluted Average)	349,000,000





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**

- [Kellogg Company Valuation – March 2018 \\$K](#)
- [Kellogg Company Valuation – July 2016 \\$K](#)
- [5 Speculative and Overvalued Companies to Avoid – February 2015](#)
- [27 Companies in the Spotlight This Week – 2/14/15](#)
- [Kellogg Company Annual Valuation – 2015 \\$K](#)

**Other ModernGraham posts about related companies**

- [The Hershey Co Valuation – January 2019 \\$HSY](#)
- [Coca-Cola Co Valuation – November 2018 \\$KO](#)
- [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 \\$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](#)