

ModernGraham Valuation

Company Name:

Omnicom Group Inc.

Company Ticker OMC

Date of Analysis

2/3/2019



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	\$17,390,625,258	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.87	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	76.17%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	15.68	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	5.95	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	0.87	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-2.56	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		Pass
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.95
MG Growth Estimate	4.81%
MG Value	\$89.66
MG Value based on 3% Growth	\$71.78
MG Value based on 0% Growth	\$42.08
Market Implied Growth Rate	3.59%

MG Opinion

Current Price	\$77.60
% of Intrinsic Value	86.54%
Opinion	Fairly Valued
MG Grade	C-

Stage 3: Information for Further Research

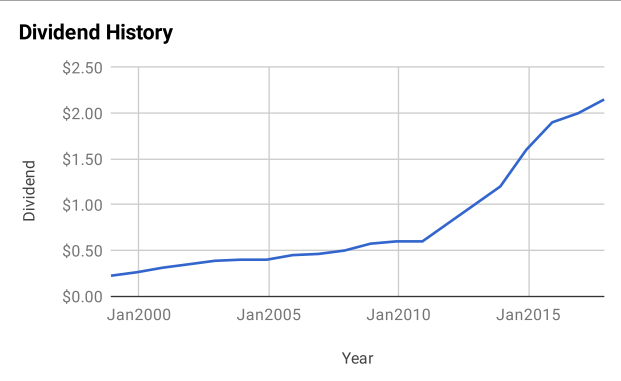
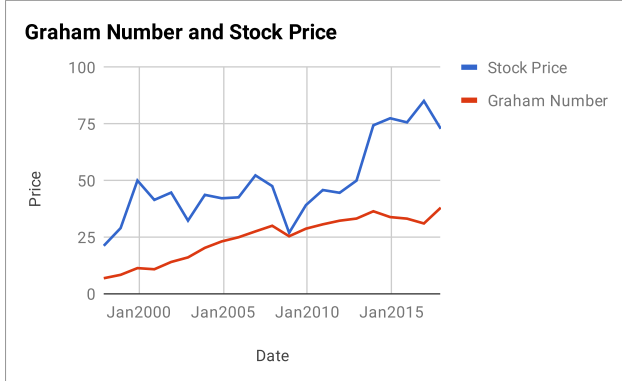
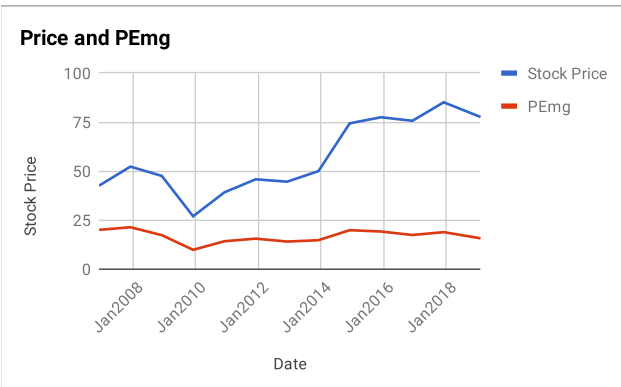
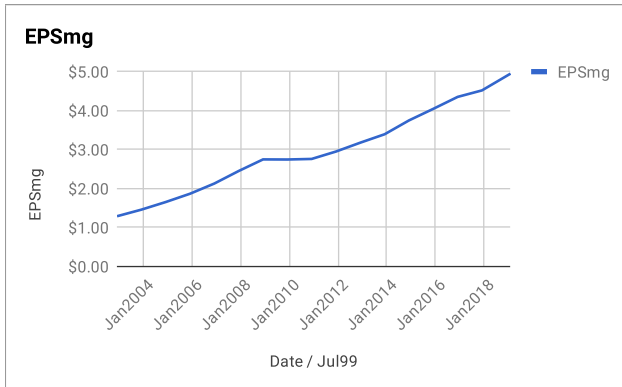
Net Current Asset Value (NCAV)	-\$35.27
Graham Number	\$38.01
PEmg	15.68
Current Ratio	0.87
PB Ratio	5.95
Current Dividend	\$2.25
Dividend Yield	2.90%
Number of Consecutive Years of Dividend Growth	8

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	\$5.65	Next Fiscal Year Estimate	\$4.95
Dec2017	\$4.65	Dec2017	\$4.52
Dec2016	\$4.78	Dec2016	\$4.35
Dec2015	\$4.41	Dec2015	\$4.05
Dec2014	\$4.24	Dec2014	\$3.75
Dec2013	\$3.71	Dec2013	\$3.39
Dec2012	\$3.61	Dec2012	\$3.18
Dec2011	\$3.33	Dec2011	\$2.95
Dec2010	\$2.70	Dec2010	\$2.76
Dec2009	\$2.53	Dec2009	\$2.75
Dec2008	\$3.14	Dec2008	\$2.75
Dec2007	\$2.93	Dec2007	\$2.45
Dec2006	\$2.50	Dec2006	\$2.13
Dec2005	\$2.18	Dec2005	\$1.87
Dec2004	\$1.94	Dec2004	\$1.65
Dec2003	\$1.68	Dec2003	\$1.46
Dec2002	\$1.54	Dec2002	\$1.29
Dec2001	\$1.24	Balance Sheet Information 9/1/2018	
Dec2000	\$1.31	Total Current Assets	\$11,575,300,000
Dec1999	\$1.01	Total Current Liabilities	\$13,280,100,000
Dec1998	\$0.79	Long-Term Debt	\$4,357,800,000
		Total Assets	\$22,487,600,000
		Intangible Assets	\$9,808,000,000
		Total Liabilities	\$19,541,900,000
		Shares Outstanding (Diluted Average)	225,900,000





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

- [Omnicon Group Inc Valuation – April 2018 \\$OMC](#)
- [Omnicon Group Inc Valuation – July 2016 \\$OMC](#)
- [24 Companies in the Spotlight This Week – 3/28/15](#)
- [Omnicon Group Inc. Annual Valuation – 2015 \\$OMC](#)
- [17 Companies in the Spotlight This Week – 3/29/14](#)

Other ModernGraham posts about related companies

- [Nielsen Holdings PLC Valuation – June 2018 \\$NLSN](#)
- [Interpublic Group of Companies Inc Valuation – April 2018 \\$IPG](#)
- [Omnicon Group Inc Valuation – April 2018 \\$OMC](#)
- [Nielsen N.V. Ordinary Shares Valuation – July 2017 \\$NLSN](#)
- [Lamar Advertising Company Valuation – Initial Coverage \\$LAMR](#)
- [Interpublic Group of Companies Inc Valuation – December 2016 \\$IPG](#)
- [Nielsen NV Valuation – August 2016 \\$NLSN](#)
- [Interpublic Group of Companies Inc Valuation – August 2016 \\$IPG](#)
- [Omnicon Group Inc Valuation – July 2016 \\$OMC](#)
- [Nielsen NV Analysis – July 2015 Update \\$NLSN](#)