

ModernGraham Valuation

Company Name:

Yum! Brands, Inc.

Company Ticker YUM

Date of Analysis

2/20/2019



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	\$29,581,245,821	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.93	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	40.94%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	24.18	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	-3.82	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	0.93	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-103.73	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	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.92
MG Growth Estimate	6.84%
MG Value	\$86.92
MG Value based on 3% Growth	\$56.81
MG Value based on 0% Growth	\$33.30
Market Implied Growth Rate	7.84%

MG Opinion

Current Price	\$94.72
% of Intrinsic Value	108.98%
Opinion	Fairly Valued
MG Grade	D+

Stage 3: Information for Further Research

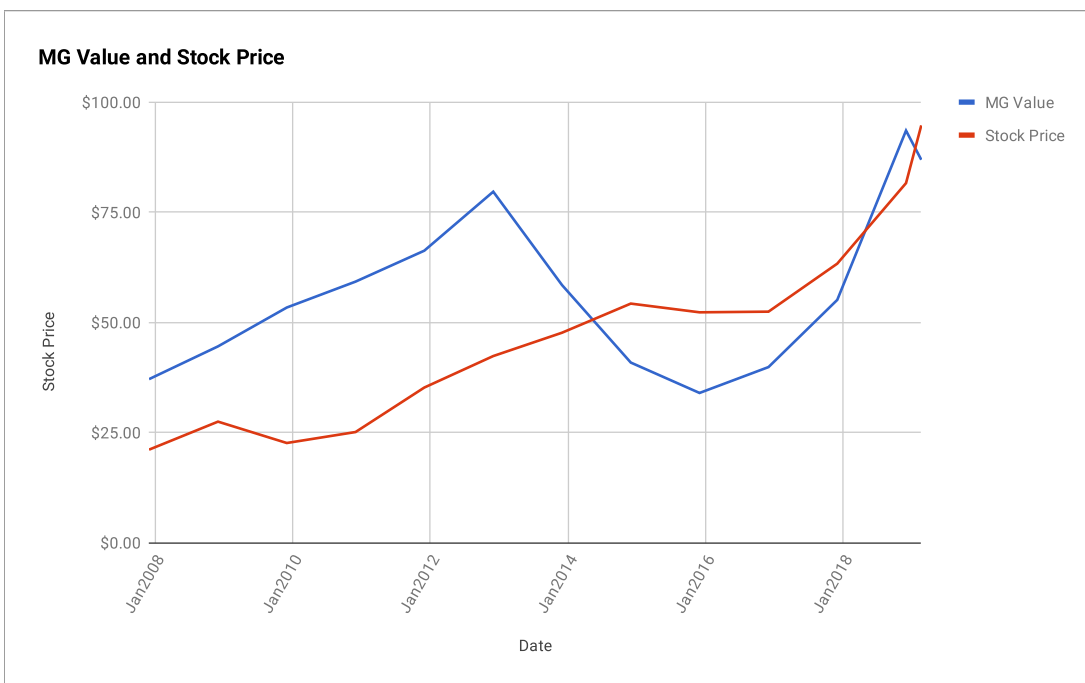
Net Current Asset Value (NCAV)	-\$33.90
Graham Number	\$0.00
PEmg	24.18
Current Ratio	0.93
PB Ratio	-3.82
Current Dividend	\$1.44
Dividend Yield	1.52%
Number of Consecutive Years of Dividend Growth	1

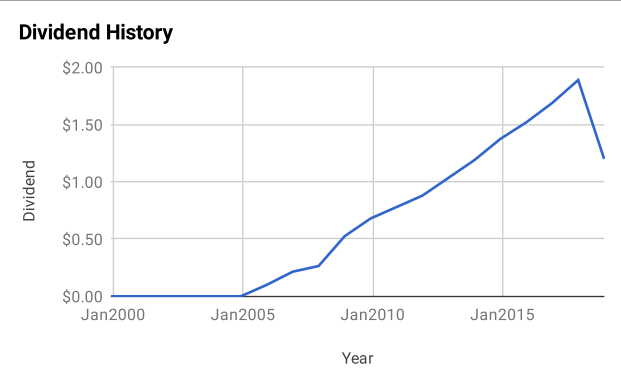
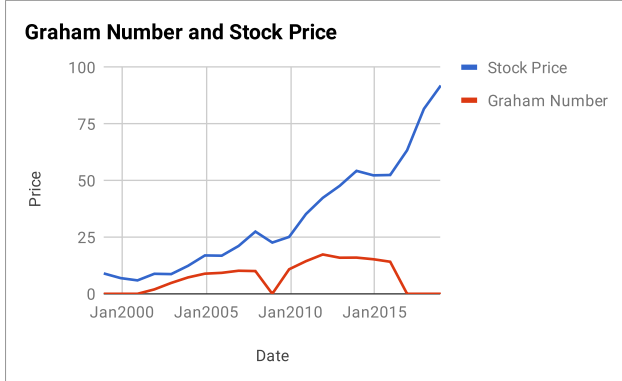
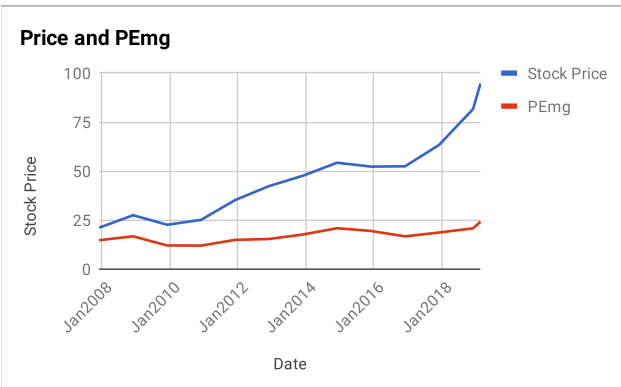
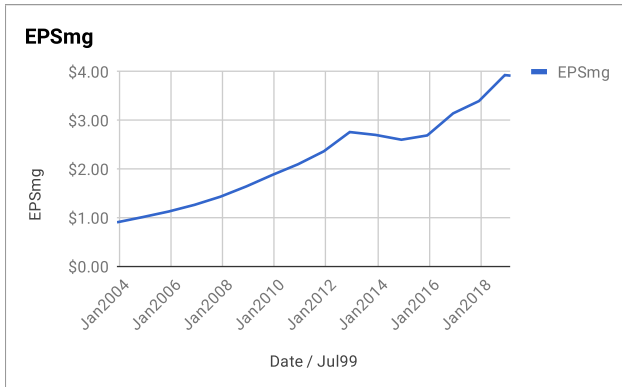
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.52	Next Fiscal Year Estimate	\$3.92
Dec2018	\$4.69	Dec2018	\$3.93
Dec2017	\$3.77	Dec2017	\$3.40
Dec2016	\$4.10	Dec2016	\$3.14
Dec2015	\$2.90	Dec2015	\$2.69
Dec2014	\$2.32	Dec2014	\$2.60
Dec2013	\$2.36	Dec2013	\$2.70
Dec2012	\$3.38	Dec2012	\$2.76
Dec2011	\$2.74	Dec2011	\$2.37
Dec2010	\$2.38	Dec2010	\$2.10
Dec2009	\$2.22	Dec2009	\$1.88
Dec2008	\$1.96	Dec2008	\$1.64
Dec2007	\$1.68	Dec2007	\$1.43
Dec2006	\$1.46	Dec2006	\$1.27
Dec2005	\$1.28	Dec2005	\$1.13
Dec2004	\$1.21	Dec2004	\$1.01
Dec2003	\$1.01	Dec2003	\$0.91
Dec2002	\$0.94	Balance Sheet Information 12/1/2018	
Dec2001	\$0.81	Total Current Assets	\$1,207,000,000
Dec2000	\$0.69	Total Current Liabilities	\$1,301,000,000
Dec1999	\$0.98	Long-Term Debt	\$9,751,000,000
		Total Assets	\$4,130,000,000
		Intangible Assets	\$767,000,000
		Total Liabilities	\$12,056,000,000
		Shares Outstanding (Diluted Average)	320,000,000





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

- [Yum Brands Inc Valuation – April 2018 \\$YUM](#)
- [Yum Brands Inc Valuation – December 2016 \\$YUM](#)
- [5 of the Worst Stocks to Invest In – August 2016](#)
- [Yum! Brands Inc Valuation – August 2016 \\$YUM](#)
- [5 Speculative and Overvalued Companies to Avoid – March 2015](#)

Other ModernGraham posts about related companies

- [Starbucks Corporation Valuation – January 2019 \\$SBUX](#)
- [McDonald's Corp Valuation – November 2018 \\$MCD](#)
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- [Jack in the Box Inc Valuation – July 2018 \\$JACK](#)
- [Chuy's Holdings Inc Valuation – July 2018 \\$CHUY](#)
- [Chipotle Mexican Grill Inc Valuation – June 2018 \\$CMG](#)
- [Darden Restaurants Inc Valuation – May 2018 \\$DRY](#)
- [Yum Brands Inc Valuation – April 2018 \\$YUM](#)
- [Starbucks Corporation Valuation – March 2018 \\$SBUX](#)
- [McDonald's Corporation Valuation – February 2018 \\$MCD](#)