

ModernGraham Valuation



Company Name:

Brown-Forman
Corporation Class B

Company Ticker BF.B

Date of Analysis

3/12/2019

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	\$24,015,987,587	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.08	Pass
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	60.76%	Pass
6. Moderate PEmg Ratio	PEmg < 20	31.88	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	16.19	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	3.08	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.24	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	\$1.58
MG Growth Estimate	5.27%
MG Value	\$30.07
MG Value based on 3% Growth	\$22.90
MG Value based on 0% Growth	\$13.42
Market Implied Growth Rate	11.69%

MG Opinion

Current Price	\$50.35
% of Intrinsic Value	167.46%
Opinion	Overvalued
MG Grade	C+

Stage 3: Information for Further Research

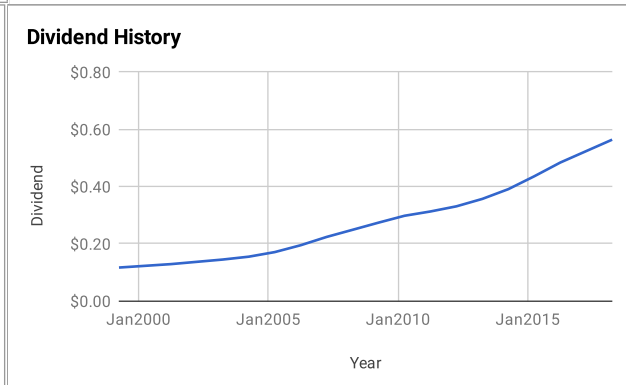
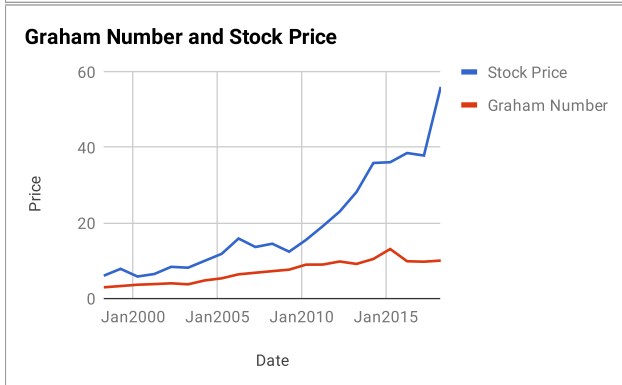
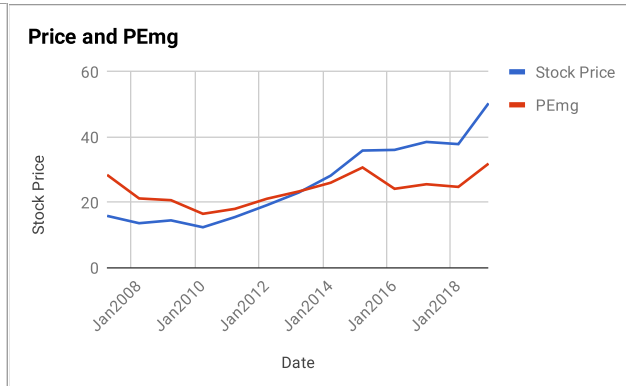
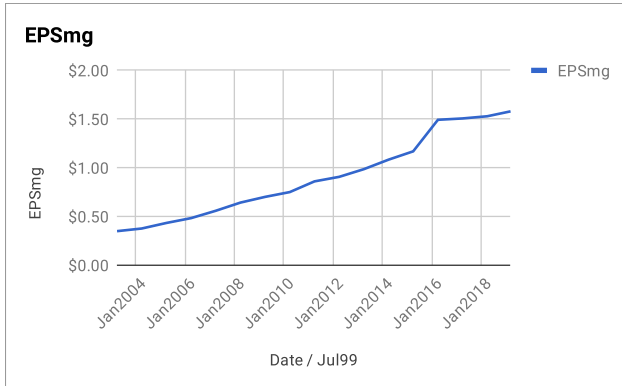
Net Current Asset Value (NCAV)	-\$1.91
Graham Number	\$10.05
PEmg	31.88
Current Ratio	3.08
PB Ratio	16.19
Current Dividend	\$0.61
Dividend Yield	1.21%
Number of Consecutive Years of Dividend Growth	20

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	\$1.64	Next Fiscal Year Estimate	\$1.58
Apr2018	\$1.48	Apr2018	\$1.53
Apr2017	\$1.37	Apr2017	\$1.51
Apr2016	\$2.09	Apr2016	\$1.49
Apr2015	\$1.28	Apr2015	\$1.17
Apr2014	\$1.22	Apr2014	\$1.08
Apr2013	\$1.10	Apr2013	\$0.99
Apr2012	\$0.95	Apr2012	\$0.91
Apr2011	\$1.04	Apr2011	\$0.86
Apr2010	\$0.81	Apr2010	\$0.75
Apr2009	\$0.77	Apr2009	\$0.70
Apr2008	\$0.76	Apr2008	\$0.64
Apr2007	\$0.67	Apr2007	\$0.56
Apr2006	\$0.55	Apr2006	\$0.48
Apr2005	\$0.54	Apr2005	\$0.43
Apr2004	\$0.43	Apr2004	\$0.38
Apr2003	\$0.35	Apr2003	\$0.35
Apr2002	\$0.35	Balance Sheet Information 11/2019	
Apr2001	\$0.36	Total Current Assets	\$2,755,000,000
Apr2000	\$0.34	Total Current Liabilities	\$895,000,000
Apr1999	\$0.31	Long-Term Debt	\$2,301,000,000
		Total Assets	\$5,163,000,000
		Intangible Assets	\$1,405,000,000
		Total Liabilities	\$3,670,000,000
		Shares Outstanding (Diluted Average)	480,099,000





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**
- [Brown-Forman Corp Valuation – May 2018 \\$BF.B](#)
 - [Brown-Forman Corporation – February 2017 \\$BF.B](#)
 - [5 Speculative and Overvalued Companies to Avoid – November 2015](#)
 - [Brown-Forman Corporation Analysis – September 2015 Update \\$BF/B](#)
 - [Brown-Forman Corporation Analysis – June 2015 Update \\$BF.B](#)

- Other ModernGraham posts about related companies**
- [Constellation Brands Inc Valuation – March 2019 \\$STZ](#)
 - [Philip Morris International Inc Valuation – January 2019 \\$PM](#)
 - [Altria Group Inc Valuation – January 2019 \\$MO](#)
 - [Molson Coors Brewing Co Valuation – January 2019 \\$TAP](#)
 - [Boston Beer Company Inc Valuation – July 2018 \\$SAM](#)
 - [Constellation Brands Inc Valuation – May 2018 \\$STZ](#)
 - [Brown-Forman Corp Valuation – May 2018 \\$BF.B](#)
 - [Philip Morris International Inc Valuation – March 2018 \\$PM](#)
 - [Altria Group Inc Valuation – March 2018 \\$MO](#)
 - [Molson Coors Brewing Co Valuation – March 2018 \\$TAP](#)