

ModernGraham Valuation

Company Name:

CME Group Inc

Company Ticker CME

Date of Analysis

3/5/2019



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	\$63,440,275,956	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	121.84%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	25.32	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.41	Pass

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	6.23	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	\$7.00
MG Growth Estimate	15.00%
MG Value	\$269.65
MG Value based on 3% Growth	\$101.56
MG Value based on 0% Growth	\$59.53
Market Implied Growth Rate	8.41%

MG Opinion

Current Price	\$177.31
% of Intrinsic Value	65.75%
Opinion	Undervalued
MG Grade	D+

Stage 3: Information for Further Research

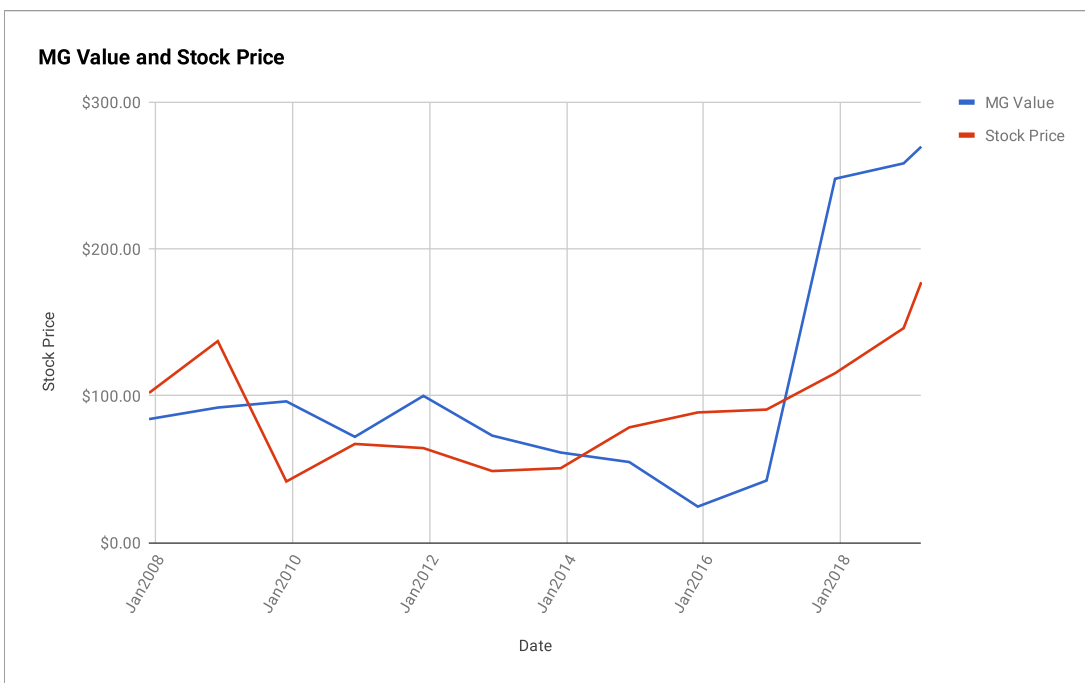
Net Current Asset Value (NCAV)	-\$27.32
Graham Number	\$104.74
PEmg	25.32
Current Ratio	1.01
PB Ratio	2.41
Current Dividend	\$2.80
Dividend Yield	1.58%
Number of Consecutive Years of Dividend Growth	8

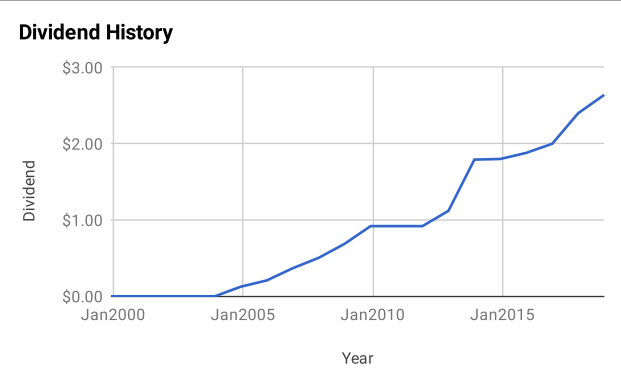
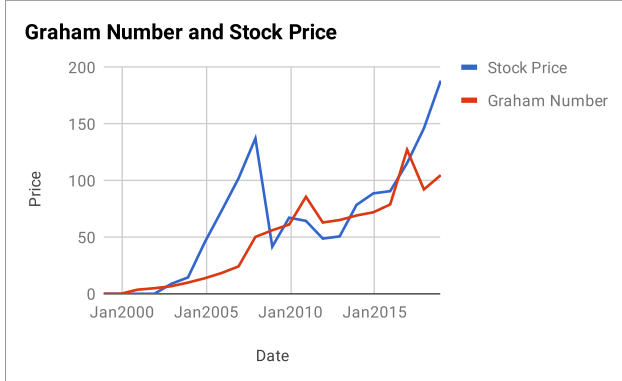
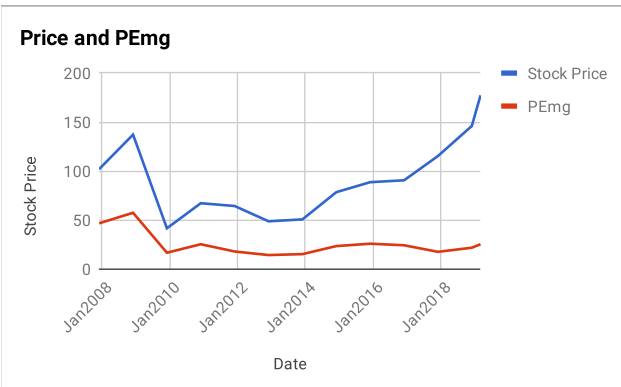
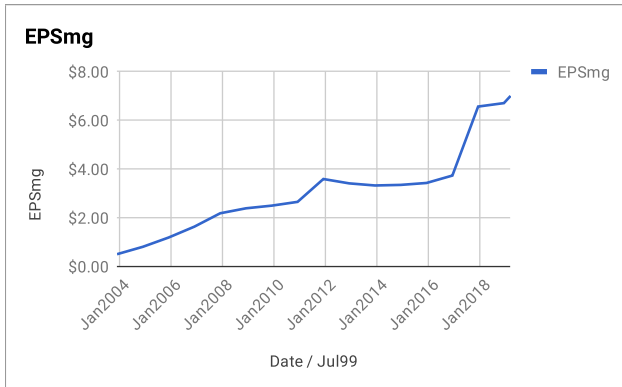
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$6.73	Next Fiscal Year Estimate	\$7.00
Dec2018	\$5.71	Dec2018	\$6.71
Dec2017	\$11.94	Dec2017	\$6.57
Dec2016	\$4.53	Dec2016	\$3.73
Dec2015	\$3.69	Dec2015	\$3.43
Dec2014	\$3.35	Dec2014	\$3.35
Dec2013	\$2.92	Dec2013	\$3.33
Dec2012	\$2.70	Dec2012	\$3.41
Dec2011	\$5.43	Dec2011	\$3.59
Dec2010	\$2.86	Dec2010	\$2.65
Dec2009	\$2.48	Dec2009	\$2.50
Dec2008	\$2.43	Dec2008	\$2.39
Dec2007	\$2.99	Dec2007	\$2.18
Dec2006	\$2.32	Dec2006	\$1.64
Dec2005	\$1.76	Dec2005	\$1.19
Dec2004	\$1.28	Dec2004	\$0.81
Dec2003	\$0.72	Dec2003	\$0.50
Dec2002	\$0.63	Balance Sheet Information 12/1/2018	
Dec2001	\$0.51	Total Current Assets	\$41,886,700,000
Dec2000	-\$0.04	Total Current Liabilities	\$41,272,600,000
Dec1999	\$0.00	Long-Term Debt	\$3,826,800,000
		Total Assets	\$77,475,700,000
		Intangible Assets	\$33,480,700,000
		Total Liabilities	\$51,510,400,000
		Shares Outstanding (Diluted Average)	352,227,000





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.

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