

ModernGraham Valuation

Company Name:

Hormel Foods Corp

Company Ticker HRL

Date of Analysis

3/22/2019



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	\$23,494,749,686	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.46	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	104.74%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	25.84	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.20	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	1.46	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.38	Pass
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	\$1.70
MG Growth Estimate	8.16%
MG Value	\$42.10
MG Value based on 3% Growth	\$24.60
MG Value based on 0% Growth	\$14.42
Market Implied Growth Rate	8.67%

MG Opinion

Current Price	\$43.84
% of Intrinsic Value	104.13%
Opinion	Fairly Valued
MG Grade	B

Stage 3: Information for Further Research

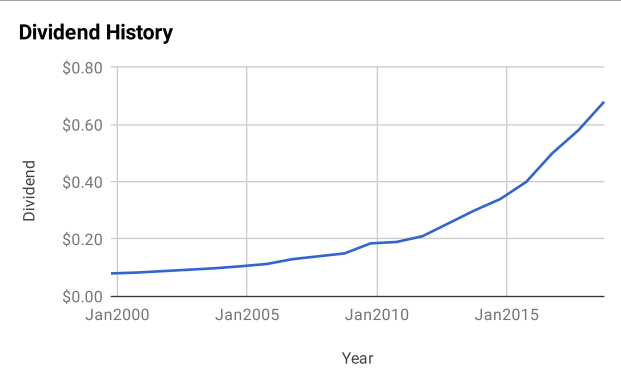
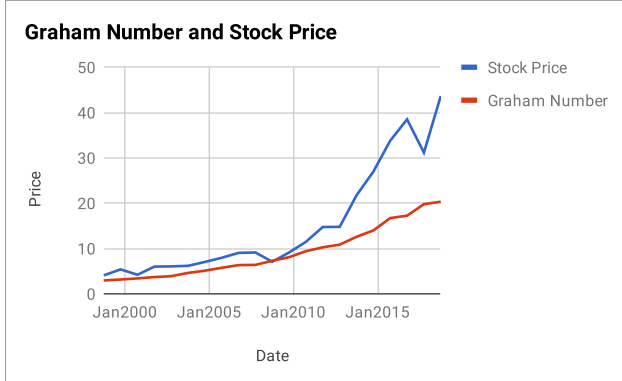
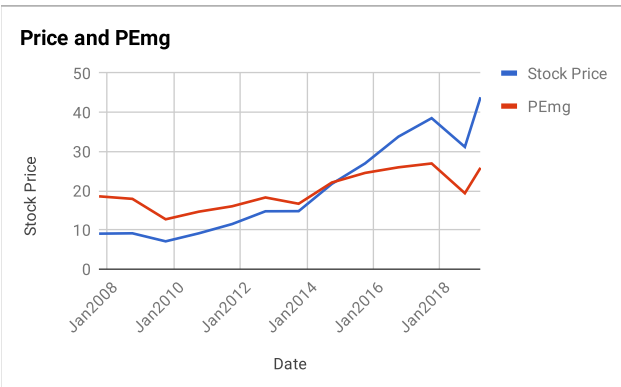
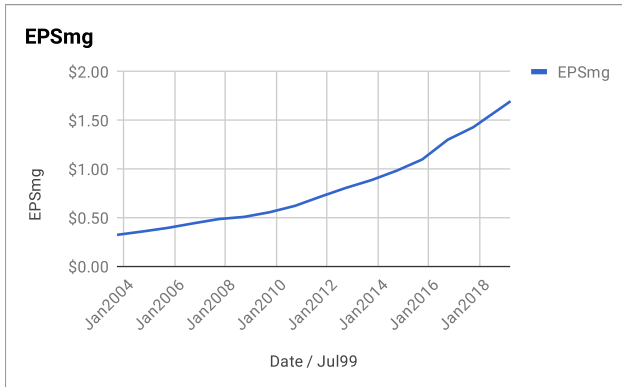
Net Current Asset Value (NCAV)	-\$0.64
Graham Number	\$20.32
PEmg	25.84
Current Ratio	1.46
PB Ratio	4.20
Current Dividend	\$0.75
Dividend Yield	1.71%
Number of Consecutive Years of Dividend Growth	20

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	\$1.75	Next Fiscal Year Estimate	\$1.70
Oct2018	\$1.86	Oct2018	\$1.61
Oct2017	\$1.57	Oct2017	\$1.43
Oct2016	\$1.64	Oct2016	\$1.30
Oct2015	\$1.27	Oct2015	\$1.10
Oct2014	\$1.12	Oct2014	\$0.98
Oct2013	\$0.98	Oct2013	\$0.89
Oct2012	\$0.93	Oct2012	\$0.81
Oct2011	\$0.87	Oct2011	\$0.72
Oct2010	\$0.73	Oct2010	\$0.62
Oct2009	\$0.63	Oct2009	\$0.56
Oct2008	\$0.52	Oct2008	\$0.51
Oct2007	\$0.54	Oct2007	\$0.49
Oct2006	\$0.51	Oct2006	\$0.44
Oct2005	\$0.46	Oct2005	\$0.40
Oct2004	\$0.42	Oct2004	\$0.36
Oct2003	\$0.33	Oct2003	\$0.32
Oct2002	\$0.34	Balance Sheet Information 1/1/2019	
Oct2001	\$0.33	Total Current Assets	\$2,100,686,000
Oct2000	\$0.30	Total Current Liabilities	\$1,435,812,000
Oct1999	\$0.28	Long-Term Debt	\$250,000,000
		Total Assets	\$8,155,398,000
		Intangible Assets	\$3,921,741,000
		Total Liabilities	\$2,449,619,000
		Shares Outstanding (Diluted Average)	547,118,000





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**
- [Best Dividend Paying Stocks for Dividend Growth Investors – February 2019](#)
 - [Best Dividend Paying Stocks for Dividend Growth Investors – August 2018](#)
 - [Best Dividend Paying Stocks for Dividend Growth Investors – June 2018](#)
 - [Hormel Foods Corp Valuation – June 2018 \\$HRL](#)
 - [Best Dividend Paying Stocks for Dividend Growth Investors – August 2017](#)

- Other ModernGraham posts about related companies**
- [JM Smucker Co Valuation – March 2019 #SJM](#)
 - [Lamb Weston Holdings Inc Valuation – March 2019 #LW](#)
 - [Kraft Heinz Co Valuation – March 2019 #KHC](#)
 - [Sysco Corp Valuation – March 2019 \\$SYY](#)
 - [General Mills Inc Valuation – February 2019 \\$GIS](#)
 - [McCormick & Co Valuation – February 2019 \\$MKC](#)
 - [Archer-Daniels Midland Co Valuation – February 2019 \\$ADM](#)
 - [Conagra Brands Inc Valuation – February 2019 \\$CAG](#)
 - [Monster Beverage Corp Valuation – February 2019 \\$MNST](#)
 - [Campbell Soup Co Valuation – January 2019 \\$CPB](#)