

ModernGraham Valuation

Company Name:

Kraft Heinz Co

Company Ticker KHC

Date of Analysis

3/8/2019



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	\$39,177,731,650	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.22	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-72.29%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	40.12	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	0.76	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	1.22	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	18.61	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Fail
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$0.80
MG Growth Estimate	-4.25%
MG Value	\$0.00
MG Value based on 3% Growth	\$11.62
MG Value based on 0% Growth	\$6.81
Market Implied Growth Rate	15.81%

MG Opinion

Current Price	\$32.15
% of Intrinsic Value	N/A
Opinion	Overvalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$34.95
Graham Number	\$50.71
PEmg	40.12
Current Ratio	1.22
PB Ratio	0.76
Current Dividend	\$2.50
Dividend Yield	7.78%
Number of Consecutive Years of Dividend Growth	4

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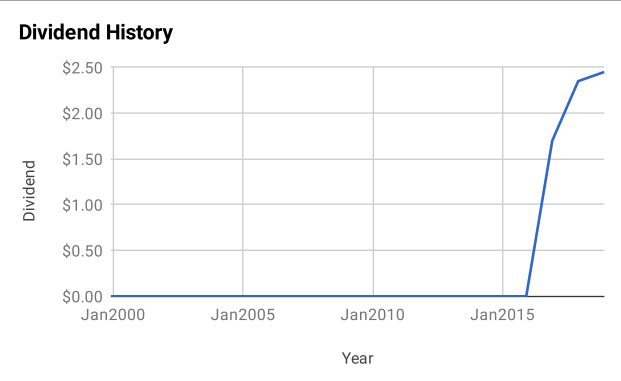
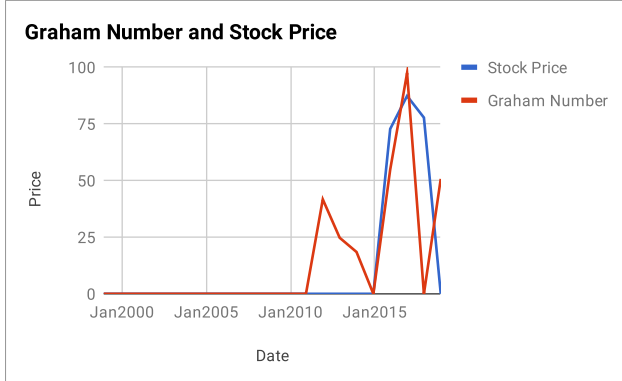
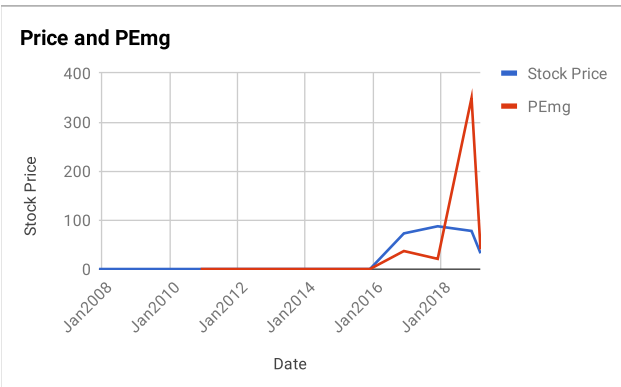
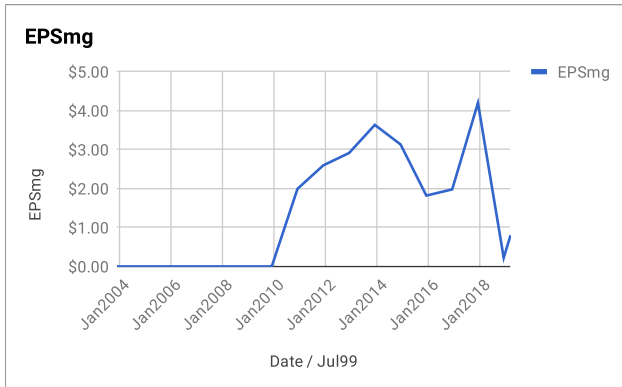
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.69	Next Fiscal Year Estimate	\$0.80
Dec2018	-\$8.39	Dec2018	\$0.22
Dec2017	\$8.95	Dec2017	\$4.20
Dec2016	\$2.81	Dec2016	\$1.98
Dec2015	-\$0.34	Dec2015	\$1.82
Dec2014	\$1.74	Dec2014	\$3.13
Dec2013	\$4.51	Dec2013	\$3.63
Dec2012	\$2.75	Dec2012	\$2.91
Dec2011	\$3.00	Dec2011	\$2.59
Dec2010	\$5.98	Dec2010	\$1.99
Dec2009	\$0.00	Dec2009	\$0.00
Dec2008	\$0.00	Dec2008	\$0.00
Dec2007	\$0.00	Dec2007	\$0.00
Dec2006	\$0.00	Dec2006	\$0.00
Dec2005	\$0.00	Dec2005	\$0.00
Dec2004	\$0.00	Dec2004	\$0.00
Dec2003	\$0.00	Dec2003	\$0.00
Dec2002	\$0.00	Balance Sheet Information 12/1/2018	
Dec2001	\$0.00	Total Current Assets	\$9,091,000,000
Dec2000	\$0.00	Total Current Liabilities	\$7,432,000,000
Dec1999	\$0.00	Long-Term Debt	\$30,873,000,000
		Total Assets	\$103,627,000,000
		Intangible Assets	\$85,986,000,000
		Total Liabilities	\$51,724,000,000
		Shares Outstanding (Diluted Average)	1,220,000,000





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

- [Kraft Heinz Co Valuation – May 2018 \\$KHC](#)
- [5 of the Worst Stocks to Invest In – February 2017](#)
- [Kraft Heinz Co Valuation – Initial Coverage \\$KHC](#)

Other ModernGraham posts about related companies

- [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](#)
- [Kellogg Co Valuation – January 2019 \\$K](#)
- [PepsiCo Inc Valuation – January 2019 \\$PEP](#)
- [The Hershey Co Valuation – January 2019 \\$HSY](#)