

ModernGraham Valuation

Company Name:

Kroger Co

Company Ticker KR

Date of Analysis

3/31/2019



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	\$19,630,800,304	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.76	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	182.61%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	9.91	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.53	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	0.76	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-3.48	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	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.48
MG Growth Estimate	7.51%
MG Value	\$58.35
MG Value based on 3% Growth	\$35.98
MG Value based on 0% Growth	\$21.09
Market Implied Growth Rate	0.71%

MG Opinion

Current Price	\$24.60
% of Intrinsic Value	42.16%
Opinion	Undervalued
MG Grade	B+

Stage 3: Information for Further Research

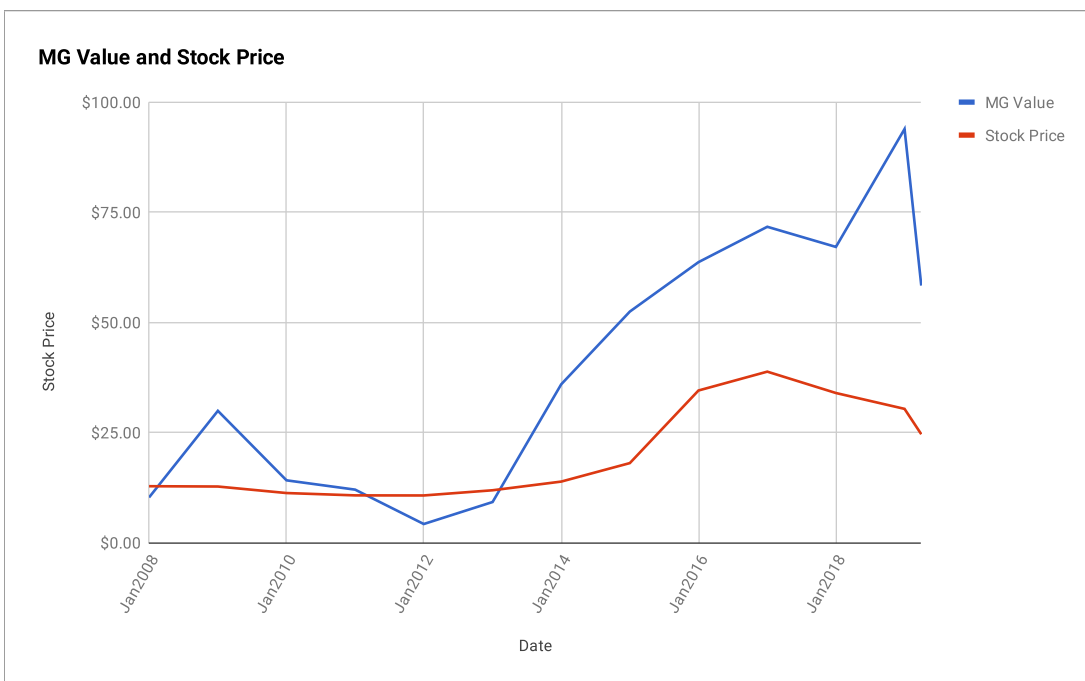
Net Current Asset Value (NCAV)	-\$24.17
Graham Number	\$20.76
PEmg	9.91
Current Ratio	0.76
PB Ratio	2.53
Current Dividend	\$0.53
Dividend Yield	2.15%
Number of Consecutive Years of Dividend Growth	13

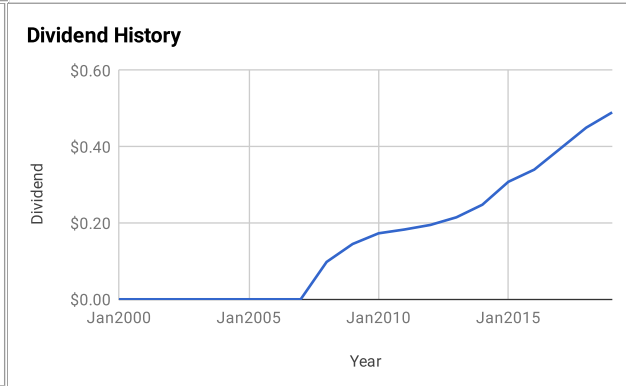
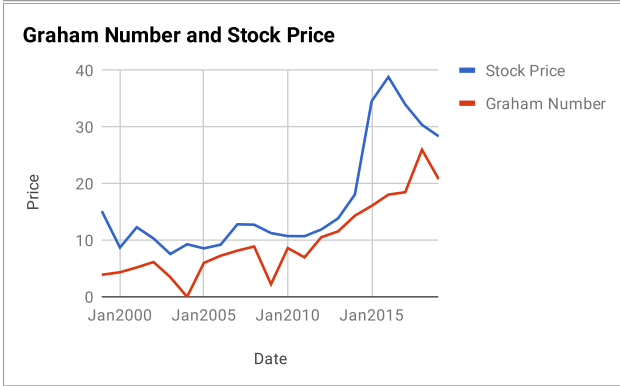
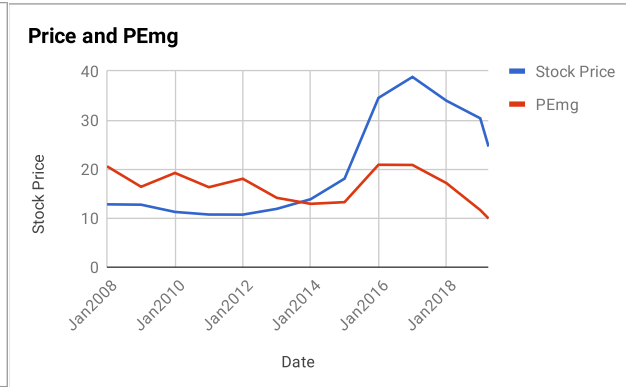
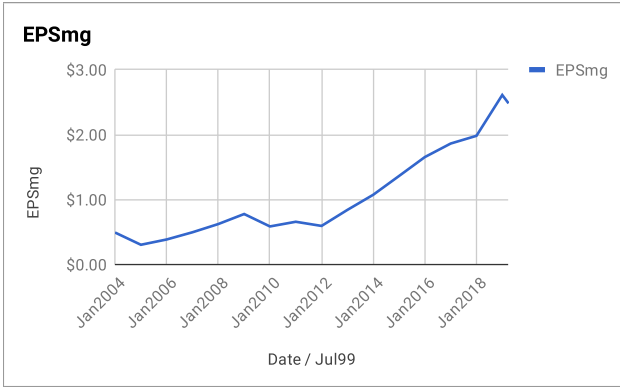
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.95	Next Fiscal Year Estimate	\$2.48
Jan2019	\$3.76	Jan2019	\$2.61
Jan2018	\$2.09	Jan2018	\$1.98
Jan2017	\$2.05	Jan2017	\$1.86
Jan2016	\$2.06	Jan2016	\$1.65
Jan2015	\$1.72	Jan2015	\$1.36
Jan2014	\$1.45	Jan2014	\$1.07
Jan2013	\$1.39	Jan2013	\$0.84
Jan2012	\$0.51	Jan2012	\$0.59
Jan2011	\$0.87	Jan2011	\$0.66
Jan2010	\$0.06	Jan2010	\$0.59
Jan2009	\$0.95	Jan2009	\$0.78
Jan2008	\$0.85	Jan2008	\$0.62
Jan2007	\$0.77	Jan2007	\$0.50
Jan2006	\$0.66	Jan2006	\$0.39
Jan2005	-\$0.07	Jan2005	\$0.30
Jan2004	\$0.21	Jan2004	\$0.49
Jan2003	\$0.76	Balance Sheet Information 1/1/2019	
Jan2002	\$0.63	Total Current Assets	\$10,803,000,000
Jan2001	\$0.52	Total Current Liabilities	\$14,274,000,000
Jan2000	\$0.36	Long-Term Debt	\$12,072,000,000
		Total Assets	\$38,118,000,000
		Intangible Assets	\$4,345,000,000
		Total Liabilities	\$30,283,000,000
		Shares Outstanding (Diluted Average)	806,000,000





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**
 - [Kroger Co Valuation – June 2018 \\$KR](#)
 - [10 Low PE Stock Picks for the Defensive Investor – August 2017](#)
 - [5 Undervalued Large Cap Stocks for Value Investors – August 2017](#)
 - [10 Best Stocks for Value Investors This Week – 7/22/17](#)
 - [Kroger Company Valuation – July 2017 \\$KR](#)

- Other ModernGraham posts about related companies**
 - [Supervalu Inc Valuation – September 2018 \\$SVU](#)
 - [Kroger Co Valuation – June 2018 \\$KR](#)
 - [Kroger Company Valuation – July 2017 \\$KR](#)
 - [Supervalu Inc Valuation – Initial Coverage \\$SVU](#)
 - [SpartanNash Co Valuation – Initial Coverage \\$SPTN](#)
 - [Core-Mark Holding Company Inc Valuation – Initial Coverage \\$CORE](#)
 - [The Kroger Co Valuation – August 2016 \\$KR](#)
 - [Whole Foods Market Inc Valuation – May 2016 \\$WFM](#)
 - [Whole Foods Market Inc. Valuation – October 2015 Update \\$WFM](#)
 - [Kroger Company Analysis – 2015 Update \\$KR](#)