

# ModernGraham Valuation

Lamb Weston  
Holdings Inc



Company Name:

Company Ticker LW

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	\$10,269,088,976	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.63	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	26533.33%	Pass
6. Moderate PEmg Ratio	PEmg < 20	28.01	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	-61.84	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	1.63	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	5.30	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

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$2.50
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$96.35</b>
MG Value based on 3% Growth	\$36.29
MG Value based on 0% Growth	\$21.27
Market Implied Growth Rate	9.76%

### MG Opinion

Current Price	\$70.10
% of Intrinsic Value	72.75%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>C+</b>

## Stage 3: Information for Further Research

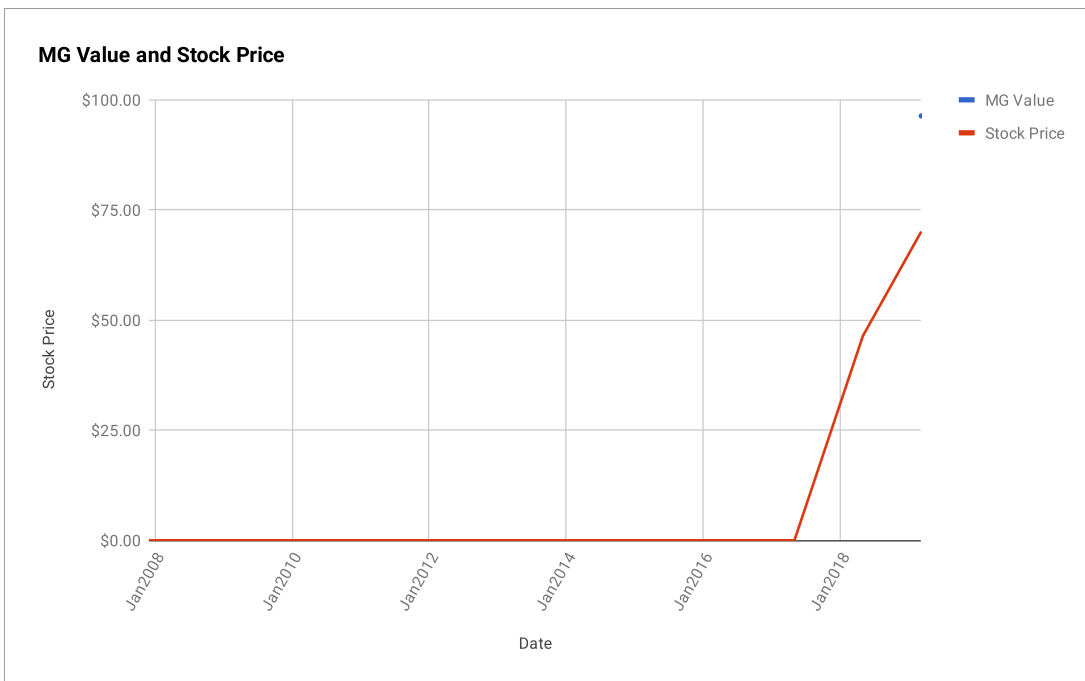
Net Current Asset Value (NCAV)	-\$14.15
Graham Number	\$0.00
PEmg	28.01
Current Ratio	1.63
PB Ratio	-61.84
Current Dividend	\$0.76
Dividend Yield	1.08%
Number of Consecutive Years of Dividend Growth	2

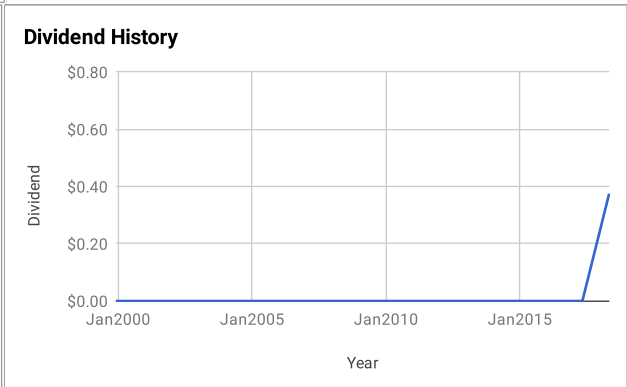
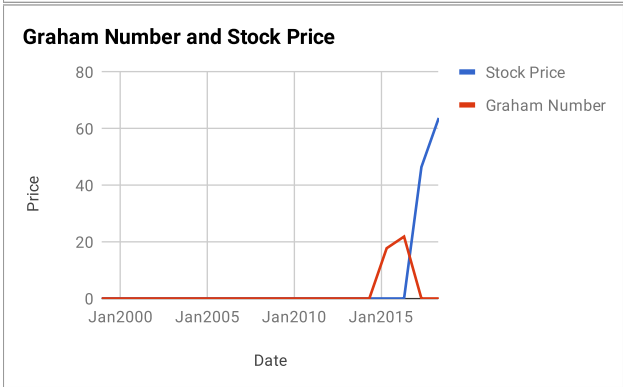
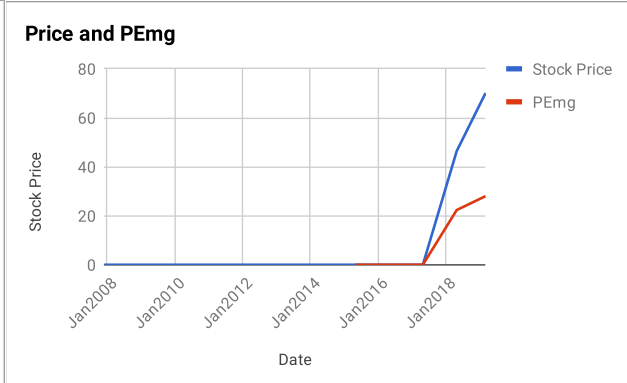
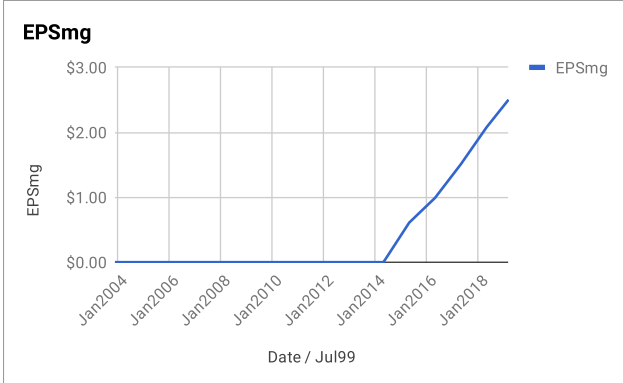
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.95	Next Fiscal Year Estimate	\$2.50
May2018	\$2.82	May2018	\$2.08
May2017	\$2.22	May2017	\$1.51
May2016	\$1.51	May2016	\$0.99
May2015	\$1.83	May2015	\$0.61
May2014	\$0.00	May2014	\$0.00
Dec2013	\$0.00	Dec2013	\$0.00
Dec2012	\$0.00	Dec2012	\$0.00
Dec2011	\$0.00	Dec2011	\$0.00
Dec2010	\$0.00	Dec2010	\$0.00
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	<b>Balance Sheet Information 11/1/2018</b>	
Dec2001	\$0.00	Total Current Assets	\$1,134,600,000
Dec2000	\$0.00	Total Current Liabilities	\$696,800,000
Dec1999	\$0.00	Long-Term Debt	\$2,321,800,000
		Total Assets	\$3,052,500,000
		Intangible Assets	\$167,000,000
		Total Liabilities	\$3,219,600,000
		Shares Outstanding (Diluted Average)	147,400,000





**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 #N/A

- Other ModernGraham posts about related companies
- [Sysco Corp Valuation – March 2019 \\$SYY](#)
  - [General Mills Inc Valuation – February 2019 \\$GIS](#)
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