

ModernGraham Valuation

Company Name:

J M Smucker Co

Company Ticker SJM

Date of Analysis

3/10/2019



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	\$11,657,929,787	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.95	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	84.50%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	14.51	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.45	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	0.95	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-58.60	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	\$7.06
MG Growth Estimate	9.27%
MG Value	\$191.00
MG Value based on 3% Growth	\$102.44
MG Value based on 0% Growth	\$60.05
Market Implied Growth Rate	3.00%

MG Opinion

Current Price	\$102.49
% of Intrinsic Value	53.66%
Opinion	Undervalued
MG Grade	B+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$63.43
Graham Number	\$94.73
PEmg	14.51
Current Ratio	0.95
PB Ratio	1.45
Current Dividend	\$3.09
Dividend Yield	3.01%
Number of Consecutive Years of Dividend Growth	17

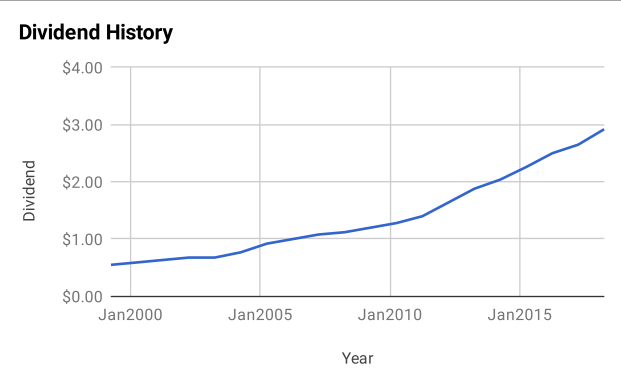
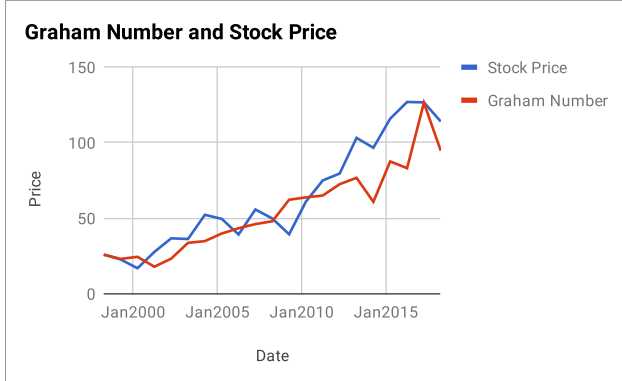
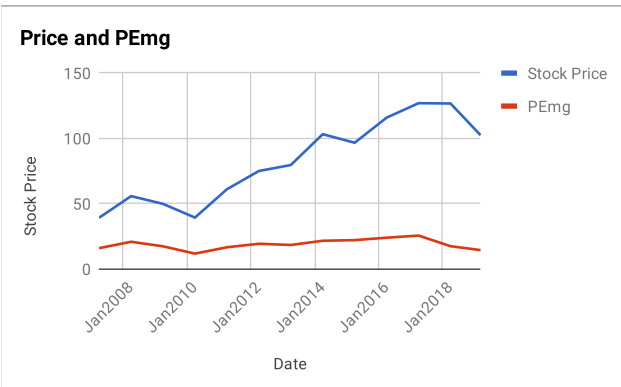
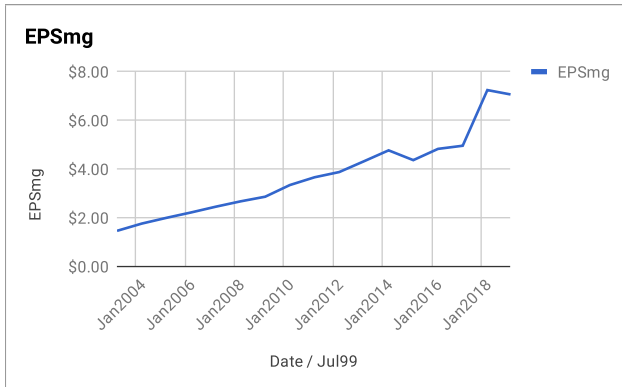
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$5.74	Next Fiscal Year Estimate	\$7.06
Apr2018	\$11.78	Apr2018	\$7.24
Apr2017	\$5.10	Apr2017	\$4.96
Apr2016	\$5.76	Apr2016	\$4.83
Apr2015	\$3.33	Apr2015	\$4.37
Apr2014	\$5.42	Apr2014	\$4.77
Apr2013	\$5.00	Apr2013	\$4.32
Apr2012	\$4.06	Apr2012	\$3.88
Apr2011	\$4.05	Apr2011	\$3.66
Apr2010	\$4.15	Apr2010	\$3.34
Apr2009	\$3.11	Apr2009	\$2.86
Apr2008	\$3.00	Apr2008	\$2.67
Apr2007	\$2.76	Apr2007	\$2.45
Apr2006	\$2.45	Apr2006	\$2.22
Apr2005	\$2.24	Apr2005	\$2.00
Apr2004	\$2.24	Apr2004	\$1.76
Apr2003	\$2.02	Apr2003	\$1.46
Apr2002	\$1.31	Balance Sheet Information	
Apr2001	\$1.12	1/1/2019	
Apr2000	\$0.97	Total Current Assets	\$1,726,200,000
Apr1999	\$1.31	Total Current Liabilities	\$1,816,400,000
		Long-Term Debt	\$5,285,800,000
		Total Assets	\$16,927,600,000
		Intangible Assets	\$13,197,900,000
		Total Liabilities	\$8,906,000,000
		Shares Outstanding (Diluted Average)	113,200,000





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**
- [5 Undervalued Companies for Value Investors with a Low Beta – May 2018](#)
 - [J M Smucker Co Valuation – May 2018 \\$SJM](#)
 - [J M Smucker Co Valuation – February 2017 \\$SJM](#)
 - [J.M. Smucker Co Valuation – August 2016 \\$SJM](#)
 - [J.M. Smucker Co Valuation – February 2016 \\$SJM](#)

- Other ModernGraham posts about related companies**
- [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](#)
 - [Kellogg Co Valuation – January 2019 \\$K](#)