

# ModernGraham Valuation

## Company Name:

Company Ticker BAX  
Date of Analysis

Baxter International  
Inc

1/28/2017



## 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	\$25,557,798,383	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.53	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	64.10%	Pass
6. Moderate PEmg Ratio	PEmg < 20	9.12	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.99	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	2.53	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	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		Pass
	Score		

### Suitability

<b>Defensive</b>	<b>Yes</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$5.16
MG Growth Estimate	6.53%
<b>MG Value</b>	<b>\$111.31</b>
MG Value based on 3% Growth	\$74.84
MG Value based on 0% Growth	\$43.87
Market Implied Growth Rate	0.31%

### MG Opinion

Current Price	\$47.08
% of Intrinsic Value	42.29%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>A-</b>

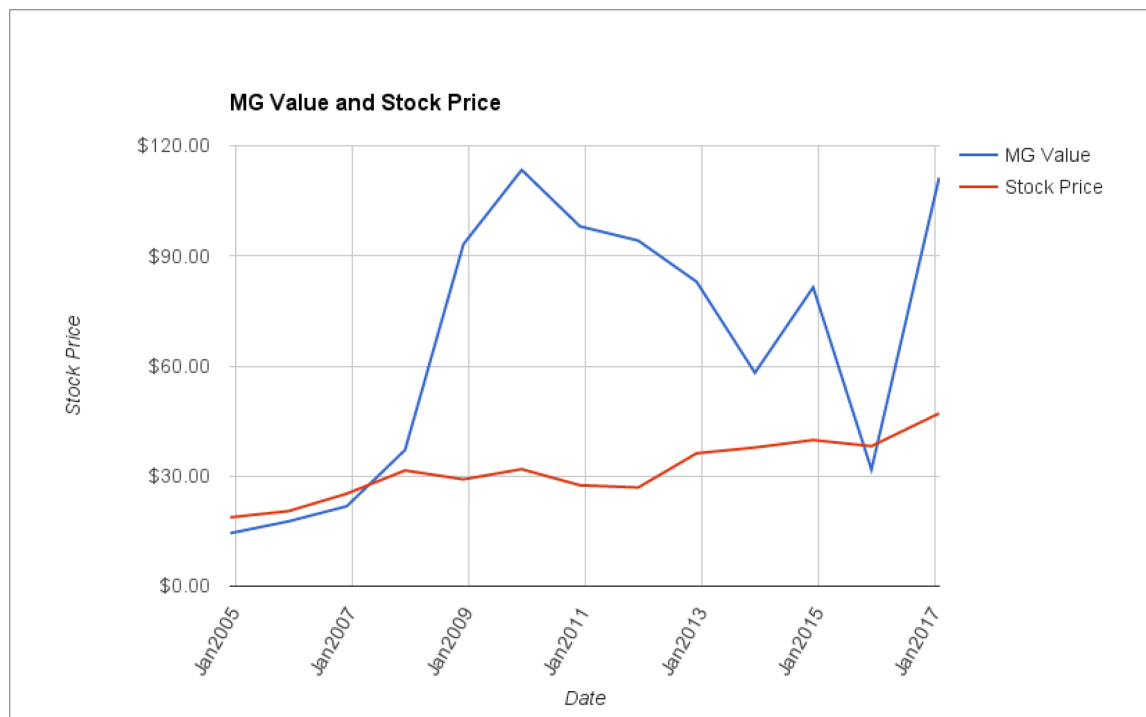
## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$0.96
Graham Number	\$56.96
PEmg	9.12
Current Ratio	2.53
PB Ratio	2.99
Current Dividend	\$0.49
Dividend Yield	1.04%
Number of Consecutive Years of Dividend Growth	0

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$9.04	Next Fiscal Year Estimate	\$5.16
Dec2015	\$1.76	Dec2015	\$3.35
Dec2014	\$4.56	Dec2014	\$4.01
Dec2013	\$3.66	Dec2013	\$3.67
Dec2012	\$4.18	Dec2012	\$3.60
Dec2011	\$3.88	Dec2011	\$3.24
Dec2010	\$2.39	Dec2010	\$2.88
Dec2009	\$3.59	Dec2009	\$2.95
Dec2008	\$3.16	Dec2008	\$2.42
Dec2007	\$2.61	Dec2007	\$1.93
Dec2006	\$2.13	Dec2006	\$1.55
Dec2005	\$1.52	Dec2005	\$1.27
Dec2004	\$0.63	Dec2004	\$1.17
Dec2003	\$1.50	Dec2003	\$1.42
Dec2002	\$1.66	Dec2002	\$1.31
Dec2001	\$1.09	Dec2001	\$1.07
Dec2000	\$1.25	Dec2000	\$1.04
Dec1999	\$1.35	<b>Balance Sheet Information 9/1/2016</b>	
Dec1998	\$0.55	Total Current Assets	\$6,589,000,000
Dec1997	\$0.53	Total Current Liabilities	\$2,606,000,000
Dec1996	\$1.23	Long-Term Debt	\$0
		Total Assets	\$15,795,000,000
		Intangible Assets	\$3,859,000,000
		Total Liabilities	\$7,118,000,000
		Shares Outstanding (Diluted Average)	551,000,000





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

- [Baxter International Inc Valuation – February 2016 \\$BAX](#)
- [The Best Companies of the Medical Industry – September 2015](#)
- [15 Best Stocks For Value Investors This Week – 9/12/15](#)
- [Baxter International Inc. Analysis – September 2015 Update \\$BAX](#)
- [Baxter International Analysis – June 2015 Update \\$BAX](#)

Other ModernGraham posts about related companies

- [Centene Corp Valuation – Initial Coverage \\$CNC](#)
- [Invacare Corporation Valuation – Initial Coverage \\$IVC](#)
- [Becton Dickinson and Co Valuation – January 2017 \\$BDX](#)
- [Select Medical Holdings Corp Valuation – Initial Coverage \\$SEM](#)
- [Chemed Corporation Valuation – Initial Coverage \\$CHE](#)
- [Inogen Inc Valuation – Initial Coverage \\$INGN](#)
- [Surgical Care Affiliates Inc Valuation – Initial Coverage \\$SCAI](#)
- [Thermo Fisher Scientific Inc Valuation – December 2016 \\$TMO](#)
- [Illumina Inc Valuation – Initial Coverage \\$ILMN](#)
- [Thermo Fisher Scientific Inc Valuation – November 2016 \\$TMO](#)