

ModernGraham Valuation

Company Name:

Company Ticker EMN

Date of Analysis

Eastman Chemical
Company

9/4/2015



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	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	Fail
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	Pass
6. Moderate PEmg Ratio	PEmg < 20	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	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	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	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

Suitability

Defensive	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$5.62
MG Growth Estimate	14.26%
MG Value	\$208.10
MG Value based on 3% Growth	\$81.52
MG Value based on 0% Growth	\$47.79
Market Implied Growth Rate	2.00%

MG Opinion

Current Price	\$70.26
% of Intrinsic Value	33.76%
Opinion	Undervalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$59.78
Graham Number	\$59.92
PEmg	12.50
Current Ratio	1.74
PB Ratio	2.80
Dividend Yield	2.21%
Number of Consecutive Years of Dividend Growth	6

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$6.35	Next Fiscal Year Estimate	\$5.62
Dec14	\$4.97	Dec14	\$5.02
Dec13	\$7.44	Dec13	\$4.61
Dec12	\$2.93	Dec12	\$3.03
Dec11	\$4.52	Dec11	\$2.88
Dec10	\$2.88	Dec10	\$2.06
Dec09	\$0.93	Dec09	\$1.83
Dec08	\$2.28	Dec08	\$2.25
Dec07	\$1.79	Dec07	\$1.96
Dec06	\$2.46	Dec06	\$1.74
Dec05	\$3.41	Dec05	\$1.05
Dec04	\$1.09	Dec04	-\$0.05
Dec03	-\$1.75	Dec03	-\$0.42
Dec02	\$0.40	Dec02	\$0.37
Dec01	-\$1.14	Dec01	\$0.54
Dec00	\$1.97	Dec00	\$1.45
Dec99	\$0.31	Dec99	\$1.43
Dec98	\$1.57	Balance Sheet Information Jun15	
Dec97	\$1.82	Total Current Assets	\$3,167,000,000
Dec96	\$2.40	Total Current Liabilities	\$1,821,000,000
Dec95	\$3.39	Long-Term Debt	\$7,072,000,000
		Total Assets	\$15,886,000,000
		Intangible Assets	\$7,251,000,000
		Total Liabilities	\$12,122,000,000
		Shares Outstanding (Diluted Average)	149,800,000



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

[The Best Companies of the Chemicals Industry – August 2015](#)
[10 Most Undervalued Companies for the Defensive Investor – August 2015](#)
[5 Most Undervalued Companies for the Defensive Investor – July 2015](#)
[5 Most Undervalued Companies for the Defensive Investor – June 2015](#)
[The 8 Best Stocks For Value Investors This Week – 6/6/15](#)

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companies

[Ashland Inc. Analysis – Initial Coverage \\$ASH](#)
[The Best Companies of the Chemicals Industry – August 2015](#)
[LyondellBasell Industries Analysis – August 2015 Update \\$LYB](#)
[Albemarle Corporation Analysis – Initial Coverage \\$ALB](#)
[E I Du Pont de Nemours & Company Analysis – August 2015 Update \\$DD](#)
[Dow Chemical Analysis – July 2015 Update \\$DOW](#)
[Sigma-Aldrich Corporation Analysis – June 2015 Update \\$SIAL](#)
[Eastman Chemical Company Analysis – June 2015 Quarterly Update \\$EMN](#)
[FMC Corporation Analysis – June 2015 Quarterly Update \\$FMC](#)
[LyondellBassell Industries Quarterly Valuation – May 2015 \\$LYB](#)