

ModernGraham Valuation

International Paper
Co



Company Name:

Company Ticker IP

Date of Analysis

9/1/2015

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	Fail
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	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	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	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.40
MG Growth Estimate	9.21%
MG Value	\$64.63
MG Value based on 3% Growth	\$34.82
MG Value based on 0% Growth	\$20.41
Market Implied Growth Rate	4.46%

MG Opinion

Current Price	\$41.84
% of Intrinsic Value	64.74%
Opinion	Undervalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$36.88
Graham Number	\$27.88
PEmg	17.42
Current Ratio	1.51
PB Ratio	3.61
Dividend Yield	3.70%
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	\$2.98	Next Fiscal Year Estimate	\$2.40
Dec14	\$1.29	Dec14	\$2.12
Dec13	\$3.11	Dec13	\$2.42
Dec12	\$1.80	Dec12	\$1.71
Dec11	\$3.03	Dec11	\$1.49
Dec10	\$1.48	Dec10	\$0.80
Dec09	\$1.55	Dec09	\$0.68
Dec08	-\$3.05	Dec08	\$0.43
Dec07	\$2.70	Dec07	\$1.96
Dec06	\$2.18	Dec06	\$1.26
Dec05	\$2.21	Dec05	\$0.43
Dec04	-\$0.07	Dec04	-\$0.53
Dec03	\$0.63	Dec03	-\$0.71
Dec02	-\$1.83	Dec02	-\$1.11
Dec01	-\$2.50	Dec01	-\$0.59
Dec00	\$0.32	Dec00	\$0.39
Dec99	\$0.44	Dec99	\$0.71
Dec98	\$0.60	Balance Sheet Information Jun15	
Dec97	-\$0.20	Total Current Assets	\$7,727,000,000
Dec96	\$1.04	Total Current Liabilities	\$5,104,000,000
Dec95	\$4.50	Long-Term Debt	\$9,017,000,000
		Total Assets	\$28,178,000,000
		Intangible Assets	\$4,184,000,000
		Total Liabilities	\$23,286,000,000
		Shares Outstanding (Diluted Average)	421,900,000



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:

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company**

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[5 Undervalued Companies for Enterprising Investors With High Dividend Yields – June 2015](#)

[The 12 Best Stocks For Value Investors This Week – 5/30/15](#)

[International Paper Stock Analysis – May 2015 Quarterly Update \\$IP](#)

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[MeadWestvaco Corporation Analysis – June 2015 Quarterly Update \\$MWV](#)

[International Paper Stock Analysis – May 2015 Quarterly Update \\$IP](#)

[Sealed Air Corporation Annual Valuation – 2015 \\$SEE](#)

[Bemis Company Inc. Quarterly Valuation – March 2015 \\$BMS](#)

[MeadWestvaco Corporation Quarterly Valuation – February 2015 \\$MWV](#)

[Owens-Illinois Inc. Annual Valuation – 2015 \\$OI](#)

[International Paper Company Quarterly Valuation – January 2015 \\$IP](#)

[Bemis Company Inc. Quarterly Valuation – November 2014 \\$BMS](#)