ModernGraham Valuation

Company Name:

Company Ticker DOW Date of Analysis

Dow Chemical Co





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	\$54,441,804,494	Pass
2.	Sufficiently Strong Financial Condition	Current Ratio > 2	1.94	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	32.30%	Fail
6.	Moderate PEmg Ratio	PEmg < 20	16.63	Pass
7.	Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.49	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	1.94	Pass
2.	Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.49	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

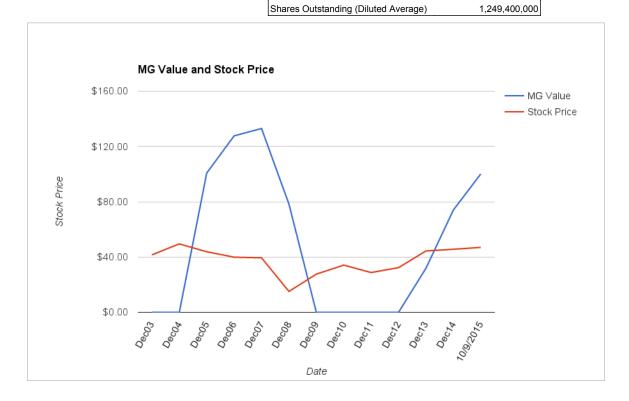
Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

0	EPSmg	\$2	2.82
	MG Growth Estimate	13.4	7%
	MG Value	\$100	.13
	MG Value based on 3% Growth	\$40	.96
	MG Value based on 0% Growth	\$24	.01
	Market Implied Growth Rate	4.0	7%
MG Opinion			
	Current Price	\$46	.98
	% of Intrinsic Value	46.9	2%
	Opinion	Undervalued	
Stage 3: Inforr	nation for Further Research		
	Net Current Asset Value (NCAV)	-\$16	i.77
	Graham Number	\$35	5.35
	PEmg	16	6.63
	Current Ratio	1	.94
	PB Ratio	2	2.49
	Dividend Yield	3.4	7%
	Number of Consecutive Years of Dividend Growth		5
Useful Links:	ModernGraham tagged articles	Morningstar	
USUUI LIIIKS.			
	Google Finance	MSN Money	
	Yahoo Finance	Seeking Alpha	
	GuruFocus	SEC Filings	

EPS History		EPSmg History	
Next Fiscal Year Estimate	¢3.08	Next Fiscal Year Estimate	\$2.82
Dec14		Dec14	\$2.47
Dec13		Dec13	\$2.07
Dec12		Dec12	\$1.21
Dec12		Dec12	\$1.49
Dec10		Dec10	\$1.44 \$1.44
Dec09	•	Dec09	\$1.69
Dec08		Dec08	\$1.09
Dec07		Dec07	\$3.45
Dec06		Dec06	\$3.43
Dec05		Dec05	\$2.62
Dec04		Dec04	\$2.02
Dec04		Dec03	\$1.49
Dec03		Dec02	\$0.60 \$0.60
Dec01		Dec01	\$0.80
Dec00		Dec00	\$2.16
Dec99		Dec99	\$2.19
Dec98		Balance Sheet Information	Jun15
Dec97		Total Current Assets	\$24,764,000,000
Dec96		Total Current Liabilities	\$12,765,000,000
Dec95	\$2.57	Long-Term Debt	\$17,833,000,000
		Total Assets	\$69,334,000,000
		Intangible Assets	\$16,329,000,000
		Total Liabilities	\$45,722,000,000





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	The Best Companies of the Chemicals Industry – August 2015	
	10 Undervalued Companies for the Enterprising Dividend Stock Investor – August 2015	
	The 20 Best Stocks For Value Investors This Week – 7/25/15	
	Dow Chemical Analysis – July 2015 Update \$DOW	
	5 Highest Dividend Yields Among Undervalued Companies for the Enterprising Investor – May 2015	
Other ModernGraham	Sigma-Aldrich Corporation Analysis – September 2015 Update \$SIAL	
posts about related	FMC Corporation Analysis – September 2015 Update \$FMC	
companies	Eastman Chemical Company Analysis – September 2015 Update \$EMN	
	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	