

# ModernGraham Valuation

Company Name:

Dow Chemical Co

Company Ticker

DOW

Date of Analysis

10/9/2015



## 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	\$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
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	32.30%	Fail
5. Earnings Growth	PEmg < 20	16.63	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.49	Pass
7. Moderate Price to Assets			

*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

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$2.82
MG Growth Estimate	13.47%
<b>MG Value</b>	<b>\$100.13</b>
MG Value based on 3% Growth	\$40.96
MG Value based on 0% Growth	\$24.01
Market Implied Growth Rate	4.07%

### MG Opinion

Current Price	\$46.98
% of Intrinsic Value	46.92%
<b>Opinion</b>	<b>Undervalued</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$16.77
Graham Number	\$35.35
PEmg	16.63
Current Ratio	1.94
PB Ratio	2.49
Dividend Yield	3.47%
Number of Consecutive Years of Dividend Growth	5

### 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	\$3.28	Next Fiscal Year Estimate	\$2.82
Dec14	\$2.87	Dec14	\$2.47
Dec13	\$3.68	Dec13	\$2.07
Dec12	\$0.70	Dec12	\$1.21
Dec11	\$2.05	Dec11	\$1.49
Dec10	\$1.72	Dec10	\$1.44
Dec09	\$0.32	Dec09	\$1.69
Dec08	\$0.62	Dec08	\$2.58
Dec07	\$2.99	Dec07	\$3.45
Dec06	\$3.82	Dec06	\$3.32
Dec05	\$4.62	Dec05	\$2.62
Dec04	\$2.93	Dec04	\$1.49
Dec03	\$1.87	Dec03	\$0.87
Dec02	-\$0.37	Dec02	\$0.60
Dec01	-\$0.43	Dec01	\$1.27
Dec00	\$2.22	Dec00	\$2.16
Dec99	\$1.97	Dec99	\$2.19
Dec98	\$1.92	<b>Balance Sheet Information Jun15</b>	
Dec97	\$2.57	Total Current Assets	\$24,764,000,000
Dec96	\$2.53	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
		Shares Outstanding (Diluted Average)	1,249,400,000





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  
posts about related  
companies

[Sigma-Aldrich Corporation Analysis – September 2015 Update \\$SIAL](#)  
[FMC Corporation Analysis – September 2015 Update \\$FMC](#)  
[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](#)