

ModernGraham Valuation

Company Name:

Company Ticker IP
Date of Analysis

International Paper
Co

12/11/2015



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	\$16,097,932,144	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.34	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	285.25%	Pass
6. Moderate PEmg Ratio	PEmg < 20	16.77	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.69	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	1.34	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.77	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	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.29
MG Growth Estimate	8.10%
MG Value	\$56.59
MG Value based on 3% Growth	\$33.22
MG Value based on 0% Growth	\$19.48
Market Implied Growth Rate	4.14%

MG Opinion

Current Price	\$38.43
% of Intrinsic Value	67.91%
Opinion	Undervalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$35.64
Graham Number	\$25.01
PEmg	16.77
Current Ratio	1.34
PB Ratio	3.69
Dividend Yield	4.16%
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	\$2.65	Next Fiscal Year Estimate	\$2.29
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 Sep15	
Dec97	-\$0.20	Total Current Assets	\$12,754,000,000
Dec96	\$1.04	Total Current Liabilities	\$9,547,000,000
Dec95	\$4.50	Long-Term Debt	\$8,887,000,000
		Total Assets	\$31,981,000,000
		Intangible Assets	\$3,881,000,000
		Total Liabilities	\$27,632,000,000
		Shares Outstanding (Diluted Average)	417,500,000





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

- [10 Undervalued Companies for Enterprising Dividend Investors – November 2015](#)
- [10 Undervalued Companies for the Enterprising Dividend Stock Investor – October 2015](#)
- [15 Best Stocks For Value Investors This Week – 9/4/15](#)
- [International Paper Company Analysis – September 2015 Update \\$IP](#)
- [10 Undervalued Companies for the Enterprising Dividend Stock Investor – August 2015](#)

Other ModernGraham posts about related companies

- [Bemis Company Inc. Analysis – September 2015 Update \\$BMS](#)
- [WestRock Co. Analysis – Initial Coverage \\$WRK](#)
- [International Paper Company Analysis – September 2015 Update \\$IP](#)
- [Ball Corporation Analysis – 2015 Update \\$BLL](#)
- [Bemis Company Analysis – June 2015 Update \\$BMS](#)
- [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](#)