ModernGraham Valuation

Company Name:

Company Ticker DOW Date of Analysis

Dow Chemical Co





Pass

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	\$48,001,335,864 Pass
2. Sufficiently Strong Financial Cond	dition Current Ratio > 2	1.88 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	39.84% Pass
6. Moderate PEmg Ratio	PEmg < 20	13.80 Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.14 Pass
Enterprising Investor; must pass 4 out of the following 5 tes	sts, or be suitable for the Defensive Investor.	
1. Sufficiently Strong Financial Cond	dition Current Ratio > 1.5	1.88 Pass
2. Sufficiently Strong Financial Cond	dition Debt to NCA < 1.1	1.50 Fail
3. Earnings Stability	Positive EPS for 5 years prior	Pass
4. Dividend Record	Currently Pays Dividend	Pass

EPSmg greater than 5 years ago

Suitability

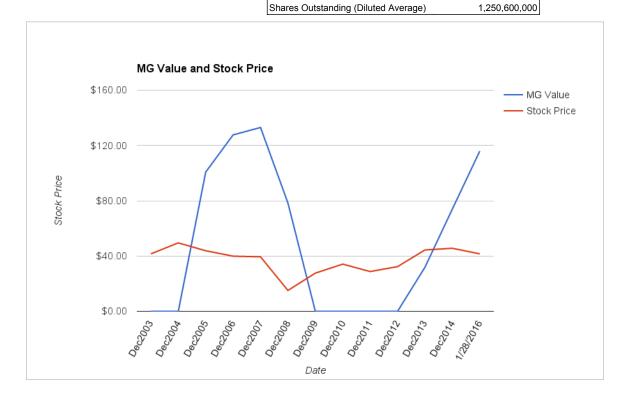
Defensive	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

5. Earnings Growth

Ū	EPSmg	\$3.01	
	MG Growth Estimate	15.00%	
	MG Value	\$115.94	
	MG Value based on 3% Growth	\$43.66	
	MG Value based on 0% Growth	\$25.60	
	Market Implied Growth Rate	2.65%	
MG Opinion			
	Current Price	\$41.55	
	% of Intrinsic Value	35.84%	
	Opinion	Undervalued	
Stage 3: Infori	mation for Further Research		
	Net Current Asset Value (NCAV)	-\$16.55	
	Graham Number	\$38.94	
	PEmg	13.80	
	Current Ratio	1.88	
	PB Ratio	2.14	
	Dividend Yield	4.04%	
	Number of Consecutive Years of Dividend Growth	5	
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	\$3.84	Next Fiscal Year Estimate	\$3.01
Dec2014		Dec2014	\$2.47
Dec2013		Dec2013	\$2.07
Dec2012		Dec2012	\$1.21
Dec2012		Dec2012	\$1.49
Dec2010	• • • •	Dec2010	\$1.44
Dec2009		Dec2009	\$1.69
Dec2008		Dec2008	\$2.58
Dec2007		Dec2007	\$3.45
Dec2006		Dec2006	\$3.32
Dec2005		Dec2005	\$2.62
Dec2004		Dec2003	\$2.02
Dec2004		Dec2003	\$0.87
Dec2003		Dec2003	\$0.60
		Dec2002	
Dec2001			\$1.27
Dec2000		Dec2000	\$2.16
Dec1999	•	Dec1999	\$2.02
Dec1998		Balance Sheet Information	Sep2015
Dec1997		Total Current Assets	\$24,852,000,000
Dec1996		Total Current Liabilities	\$13,205,000,000
Dec1995	\$0.00	Long-Term Debt	\$17,462,000,000
		Total Assets	\$69,884,000,000
		Intangible Assets	\$16,004,000,000
		Total Liabilities	\$45,551,000,000
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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	
	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	
Other ModernGraham posts about related companies	Ashland Inc Valuation – January 2016 Update \$ASH	
	LyondellBasell Industries Valuation – November 2015 Update \$LYB	
	Albemarle Corporation Valuation – November 2015 Update \$ALB	
	Dow Chemical Company Analysis – October 2015 Update \$DOW	
	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