

ModernGraham Valuation



Company Name:

Eastman Chemical Company

Company Ticker EMN

Date of Analysis

1/28/2016

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	\$9,212,181,019	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.77	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	185.12%	Pass
6. Moderate PEmg Ratio	PEmg < 20	11.33	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.44	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	1.77	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	5.09	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	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$5.57
MG Growth Estimate	13.96%
MG Value	\$202.72
MG Value based on 3% Growth	\$80.70
MG Value based on 0% Growth	\$47.31
Market Implied Growth Rate	1.41%

MG Opinion

Current Price	\$63.04
% of Intrinsic Value	31.10%
Opinion	Undervalued

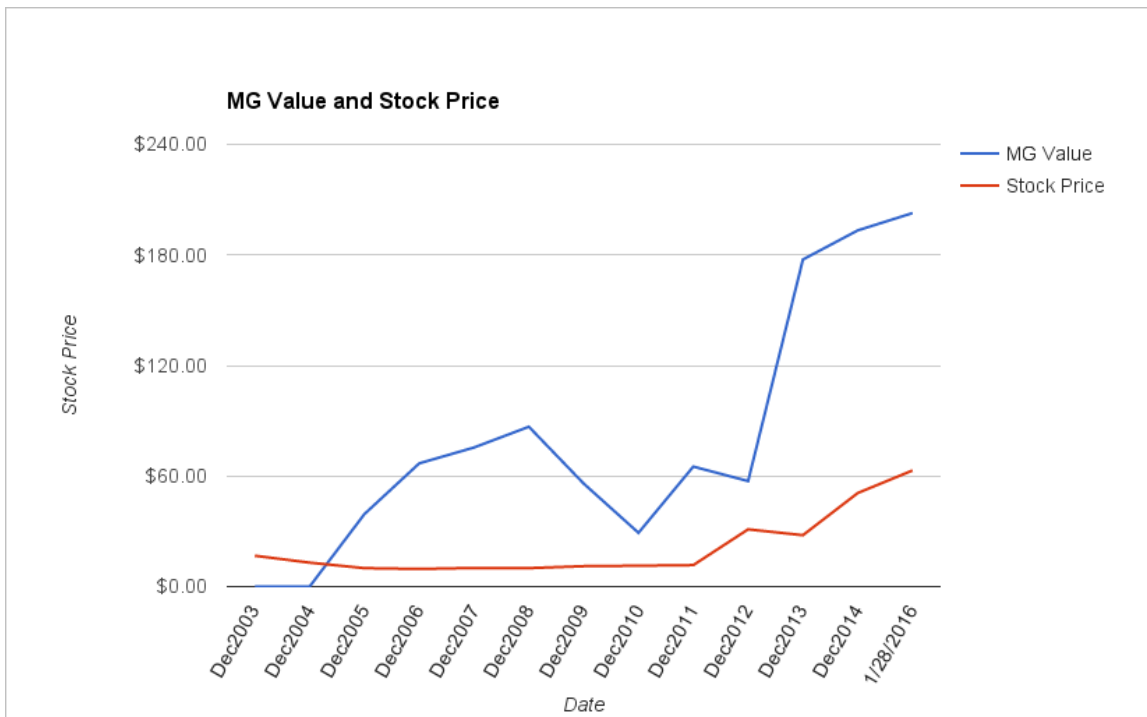
Stage 3: Information for Further Research

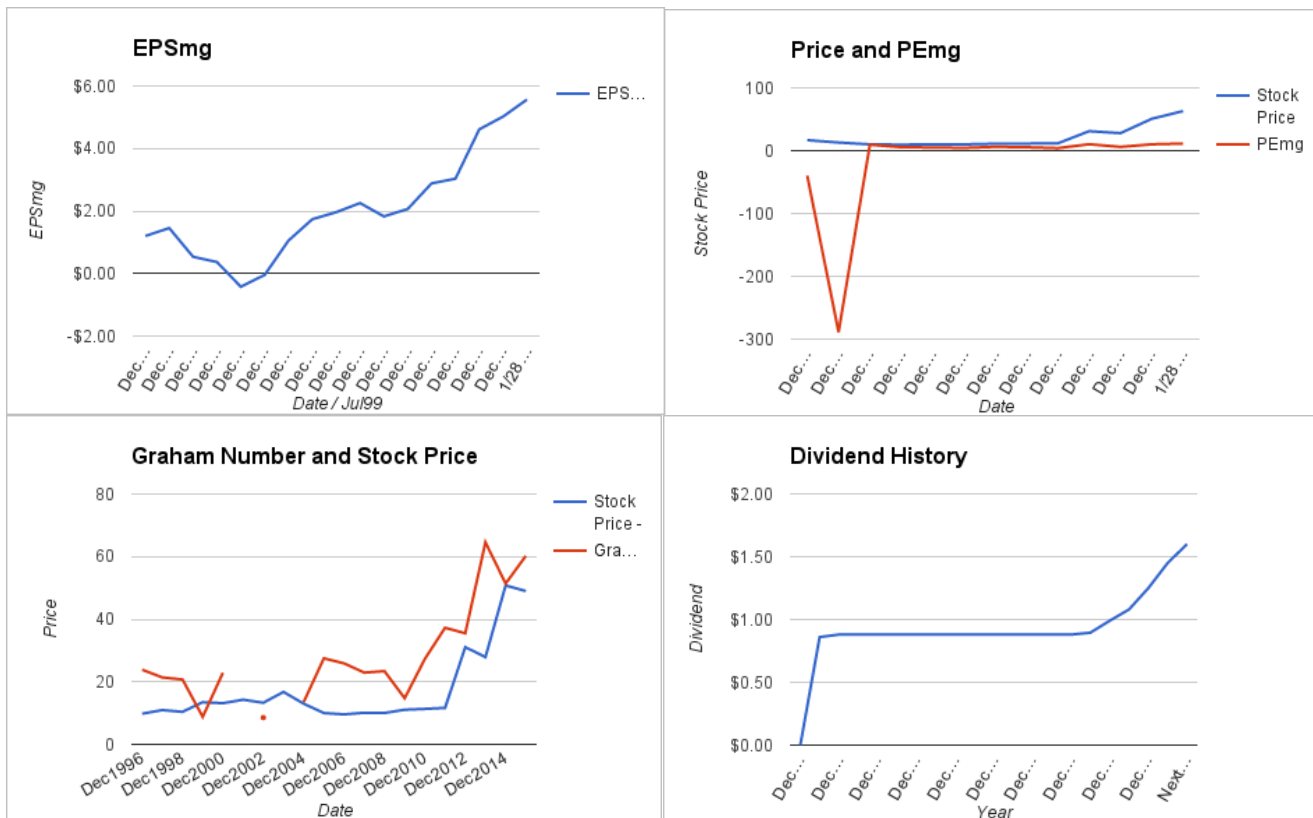
Net Current Asset Value (NCAV)	-\$58.89
Graham Number	\$60.23
PEmg	11.33
Current Ratio	1.77
PB Ratio	2.44
Dividend Yield	2.54%
Number of Consecutive Years of Dividend Growth	6

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	\$6.18	Next Fiscal Year Estimate	\$5.57
Dec2014	\$4.97	Dec2014	\$5.02
Dec2013	\$7.44	Dec2013	\$4.61
Dec2012	\$2.93	Dec2012	\$3.03
Dec2011	\$4.52	Dec2011	\$2.88
Dec2010	\$2.88	Dec2010	\$2.06
Dec2009	\$0.93	Dec2009	\$1.83
Dec2008	\$2.28	Dec2008	\$2.25
Dec2007	\$1.79	Dec2007	\$1.96
Dec2006	\$2.46	Dec2006	\$1.74
Dec2005	\$3.41	Dec2005	\$1.05
Dec2004	\$1.09	Dec2004	-\$0.05
Dec2003	-\$1.75	Dec2003	-\$0.42
Dec2002	\$0.40	Dec2002	\$0.37
Dec2001	-\$1.14	Dec2001	\$0.54
Dec2000	\$1.97	Dec2000	\$1.45
Dec1999	\$0.31	Dec1999	\$1.20
Dec1998	\$1.57	Balance Sheet Information Sep2015	
Dec1997	\$1.82	Total Current Assets	\$3,182,000,000
Dec1996	\$2.40	Total Current Liabilities	\$1,800,000,000
Dec1995	\$0.00	Long-Term Debt	\$7,029,000,000
		Total Assets	\$15,880,000,000
		Intangible Assets	\$7,200,000,000
		Total Liabilities	\$12,003,000,000
		Shares Outstanding (Diluted Average)	149,800,000





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 Most Undervalued Companies for the Defensive Investor – November 2015](#)
- [10 Companies Benjamin Graham Would Invest In Today – September 2015](#)
- [15 Best Stocks For Value Investors This Week – 9/4/15](#)
- [Eastman Chemical Company Analysis – September 2015 Update \\$EMN](#)
- [The Best Companies of the Chemicals Industry – August 2015](#)

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](#)