

# ModernGraham Valuation

## Company Name:

Company Ticker BAX  
Date of Analysis

Baxter International  
Inc

2/8/2016



## 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	\$19,289,225,443 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.86 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	24.96% Fail
6. Moderate PEmg Ratio	PEmg < 20	10.86 Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.53 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	1.86 Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.74 Pass
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	\$3.31
MG Growth Estimate	0.33%
<b>MG Value</b>	<b>\$30.34</b>
MG Value based on 3% Growth	\$48.06
MG Value based on 0% Growth	\$28.17
Market Implied Growth Rate	1.18%

### MG Opinion

Current Price	\$36.01
% of Intrinsic Value	118.68%
<b>Opinion</b>	<b>Overvalued</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$2.20
Graham Number	\$23.06
PEmg	10.86
Current Ratio	1.86
PB Ratio	2.53
Dividend Yield	4.65%
Number of Consecutive Years of Dividend Growth	0

### 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	\$1.65	Next Fiscal Year Estimate	\$3.31
Dec2014	\$4.56	Dec2014	\$4.01
Dec2013	\$3.66	Dec2013	\$3.67
Dec2012	\$4.18	Dec2012	\$3.60
Dec2011	\$3.88	Dec2011	\$3.24
Dec2010	\$2.39	Dec2010	\$2.88
Dec2009	\$3.59	Dec2009	\$2.95
Dec2008	\$3.16	Dec2008	\$2.42
Dec2007	\$2.61	Dec2007	\$1.93
Dec2006	\$2.13	Dec2006	\$1.55
Dec2005	\$1.52	Dec2005	\$1.27
Dec2004	\$0.63	Dec2004	\$1.17
Dec2003	\$1.50	Dec2003	\$1.42
Dec2002	\$1.66	Dec2002	\$1.31
Dec2001	\$1.09	Dec2001	\$1.07
Dec2000	\$1.25	Dec2000	\$1.04
Dec1999	\$1.35	Dec1999	\$0.87
Dec1998	\$0.55	<b>Balance Sheet Information                      Sep2015</b>	
Dec1997	\$0.53	Total Current Assets	\$11,138,000,000
Dec1996	\$1.23	Total Current Liabilities	\$5,981,000,000
Dec1995	\$0.00	Long-Term Debt	\$3,791,000,000
		Total Assets	\$20,172,000,000
		Intangible Assets	\$4,128,000,000
		Total Liabilities	\$12,348,000,000
		Shares Outstanding (Diluted Average)	549,000,000





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 Medical Industry – September 2015](#)  
[Baxter International Analysis – June 2015 Update \\$BAX](#)  
[18 Companies in the Spotlight This Week – 3/15/15](#)  
[Baxter International Inc. Quarterly Valuation – March 2015 \\$BAX](#)  
[22 Companies in the Spotlight This Week – 11/29/14](#)

Other  
ModernGraham  
posts about related  
companies

[Cerner Corporation Valuation – February 2016 Update \\$CERN](#)  
[Henry Schein Inc Valuation – February 2016 Update \\$HSIC](#)  
[Medtronic PLC Valuation – January 2016 Update \\$MDT](#)  
[PerkinElmer Inc Valuation – January 2016 Update \\$PKI](#)  
[Quest Diagnostics Inc Valuation – January 2016 Update \\$DGX](#)  
[Dentsply International Inc Valuation – November 2015 Update \\$XRAY](#)  
[UnitedHealth Group Inc. Valuation – November 2015 Update \\$UNH](#)  
[DaVita HealthCare Partners Inc Valuation – November 2015 Update \\$DVA](#)  
[Align Technology Inc. Valuation – November 2015 Update \\$ALGN](#)  
[Varian Medical Systems Inc. Valuation – November 2015 Update \\$VAR](#)