ModernGraham Valuation

Company Name: Eastman Chemical Company

Company Ticker EMN

Date of Analysis 6/30/2016

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	$10,165,829,818	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.55	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	245.29%	Pass
6. Moderate PEmg Ratio	PEmg < 20	11.53	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.40	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	1.55	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	6.46	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	$5.89
MG Growth Estimate	13.14%
MG Value	**$204.91**
MG Value based on 3% Growth	$85.41
MG Value based on 0% Growth	$50.07
Market Implied Growth Rate	1.51%

MG Opinion

Current Price		$67.90
% of Intrinsic Value		33.14%
Opinion	**Undervalued**	
MG Grade	**B+**	

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-$57.45
Graham Number	$64.98
PEmg	11.53
Current Ratio	1.55
PB Ratio	2.40
Current Dividend	$1.72
Dividend Yield	2.53%
Number of Consecutive Years of Dividend Growth	7

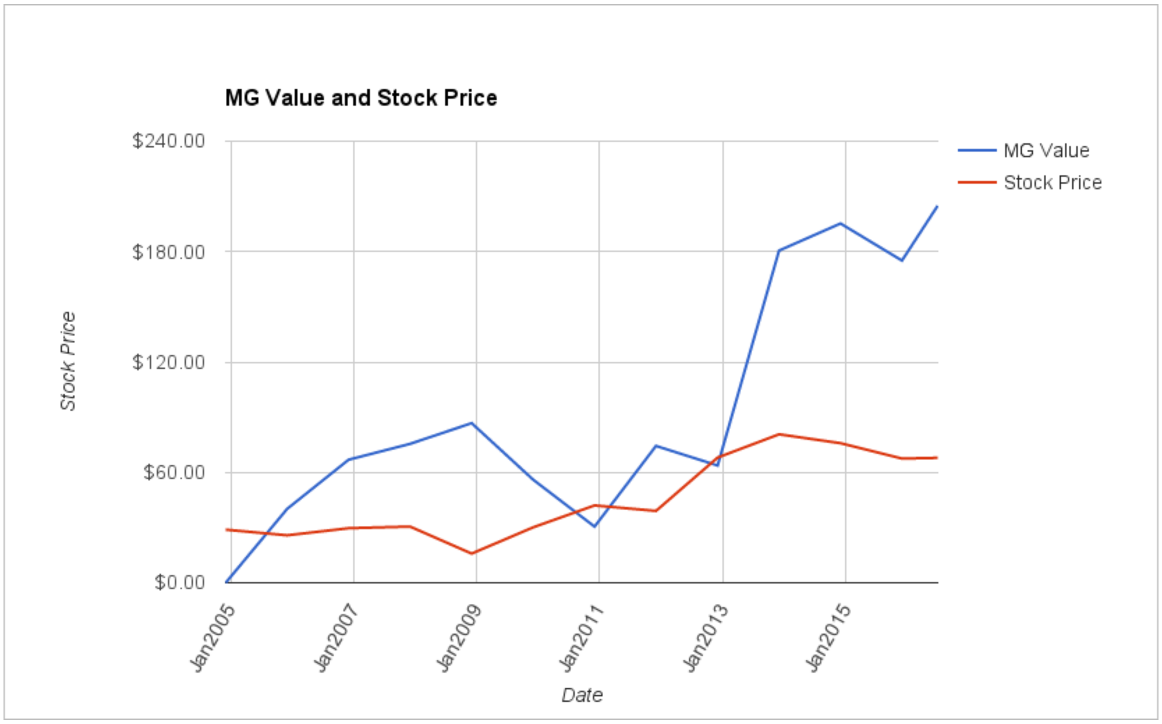
Useful Links: ModernGraham tagged articles | Morningstar | Google Finance | MSN Money

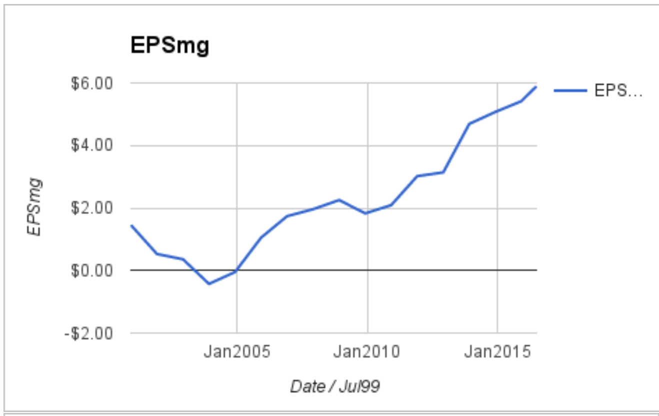
[Yahoo Finance](#) [Seeking Alpha](#)
[GuruFocus](#) [SEC Filings](#)

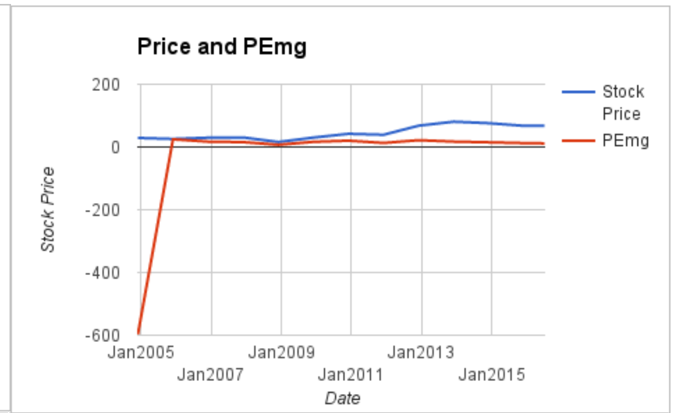
EPS History	
Next Fiscal Year Estimate	$6.60
Dec2015	$5.66
Dec2014	$4.97
Dec2013	$7.44
Dec2012	$2.93
Dec2011	$4.86
Dec2010	$2.96
Dec2009	$0.93
Dec2008	$2.28
Dec2007	$1.79
Dec2006	$2.46
Dec2005	$3.41
Dec2004	$1.09
Dec2003	-$1.75
Dec2002	$0.40
Dec2001	-$1.17
Dec2000	$1.97
Dec1999	$0.31
Dec1998	$1.57
Dec1997	$1.82
Dec1996	$2.40

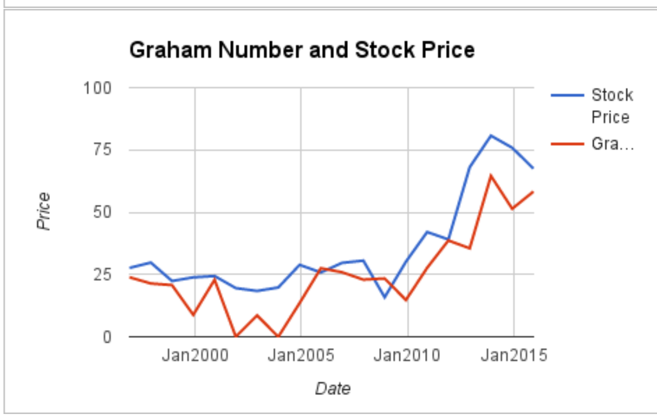
EPSmg History	
Next Fiscal Year Estimate	$5.89
Dec2015	$5.41
Dec2014	$5.07
Dec2013	$4.69
Dec2012	$3.14
Dec2011	$3.02
Dec2010	$2.09
Dec2009	$1.83
Dec2008	$2.25
Dec2007	$1.96
Dec2006	$1.74
Dec2005	$1.05
Dec2004	-$0.05
Dec2003	-$0.43
Dec2002	$0.36
Dec2001	$0.53
Dec2000	$1.45

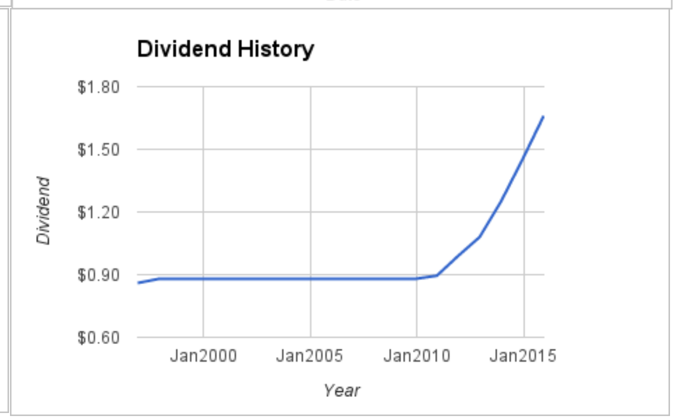
Balance Sheet Information	3/1/2016
Total Current Assets	$2,863,000,000
Total Current Liabilities	$1,847,000,000
Long-Term Debt	$6,565,000,000
Total Assets	$15,616,000,000
Intangible Assets	$7,164,000,000
Total Liabilities	$11,412,000,000
Shares Outstanding (Diluted Average)	148,800,000











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 – May 2016
- 10 Most Undervalued Companies for the Defensive Investor – February 2016
- 18 Best Stocks For Value Investors This Week – 1/30/16
- Eastman Chemical Co Valuation – January 2016 $EMN
- 10 Most Undervalued Companies for the Defensive Investor – November 2015

Other ModernGraham posts about related companies

- Olin Corporation Valuation – June 2016 $OLN
- LyondellBasell Industries Valuation – June 2016 $LYB
- Praxair Inc Valuation – June 2016 $PX
- Albemarle Corp Valuation – February 2016 $ALB
- Airgas Inc Stock Valuation – February 2016 $ARG
- Air Products & Chemicals Inc Valuation – February 2016 $APD
- FMC Corporation Valuation – January 2016 Update $FMC
- Eastman Chemical Co Valuation – January 2016 $EMN
- Dow Chemical Co Valuation – January 2016 Update $DOW
- Ashland Inc Valuation – January 2016 Update $ASH