

ModernGraham Valuation

Company Name:

Altria Group Inc

Company Ticker MO

Date of Analysis

6/24/2016



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	\$131,436,699,567	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.87	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-2.93%	Fail
5. Earnings Growth	PEmg < 20	25.04	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	47.76	Fail
7. Moderate Price to Assets			

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	0.87	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-11.49	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	\$2.68
MG Growth Estimate	6.57%
MG Value	\$57.92
MG Value based on 3% Growth	\$38.80
MG Value based on 0% Growth	\$22.75
Market Implied Growth Rate	8.27%

MG Opinion

Current Price	\$67.02
% of Intrinsic Value	115.70%
Opinion	Overvalued
MG Grade	D+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$12.18
Graham Number	\$9.80
PEmg	25.04
Current Ratio	0.87
PB Ratio	47.76
Current Dividend	\$2.22
Dividend Yield	3.30%
Number of Consecutive Years of Dividend Growth	7

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.04	Next Fiscal Year Estimate	\$2.68
Dec2015	\$2.67	Dec2015	\$2.41
Dec2014	\$2.56	Dec2014	\$2.21
Dec2013	\$2.26	Dec2013	\$1.98
Dec2012	\$2.06	Dec2012	\$1.86
Dec2011	\$1.64	Dec2011	\$1.98
Dec2010	\$1.87	Dec2010	\$2.50
Dec2009	\$1.54	Dec2009	\$3.16
Dec2008	\$2.36	Dec2008	\$4.13
Dec2007	\$4.62	Dec2007	\$4.97
Dec2006	\$5.71	Dec2006	\$5.10
Dec2005	\$4.99	Dec2005	\$4.74
Dec2004	\$4.56	Dec2004	\$4.53
Dec2003	\$4.52	Dec2003	\$4.38
Dec2002	\$5.21	Dec2002	\$4.09
Dec2001	\$3.87	Dec2001	\$3.39
Dec2000	\$3.75	Dec2000	\$3.06
Dec1999	\$3.19	Balance Sheet Information 3/1/2016	
Dec1998	\$2.20	Total Current Assets	\$7,498,000,000
Dec1997	\$2.58	Total Current Liabilities	\$8,616,000,000
Dec1996	\$2.56	Long-Term Debt	\$12,846,000,000
		Total Assets	\$34,063,000,000
		Intangible Assets	\$17,308,000,000
		Total Liabilities	\$31,318,000,000
		Shares Outstanding (Diluted Average)	1,956,000,000





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.

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[Brown-Forman Corporation Analysis – June 2015 Update \\$BF.B](#)

[Philip Morris International Annual Valuation – 2015 \\$PM](#)

[Brown-Forman Corporation Quarterly Valuation – March 2015 \\$BF.B](#)

[Lorillard Inc. Quarterly Valuation – March 2015 \\$LO](#)

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