

ModernGraham Valuation

Company Name:

Praxair, Inc.

Company Ticker PX

Date of Analysis

6/12/2016



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	\$32,526,119,279	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.60	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	44.27%	Pass
6. Moderate PEmg Ratio	PEmg < 20	20.56	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	6.67	Fail

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	1.60	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	8.61	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	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$5.53
MG Growth Estimate	2.01%
MG Value	\$69.25
MG Value based on 3% Growth	\$80.22
MG Value based on 0% Growth	\$47.03
Market Implied Growth Rate	6.03%

MG Opinion

Current Price	\$113.73
% of Intrinsic Value	164.23%
Opinion	Overvalued
MG Grade	B-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$39.30
Graham Number	\$45.67
PEmg	20.56
Current Ratio	1.60
PB Ratio	6.67
Current Dividend	\$2.90
Dividend Yield	2.55%
Number of Consecutive Years of Dividend Growth	20

Useful Links:

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

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$5.41	Next Fiscal Year Estimate	\$5.53
Dec2015	\$5.35	Dec2015	\$5.60
Dec2014	\$5.73	Dec2014	\$5.58
Dec2013	\$5.87	Dec2013	\$5.32
Dec2012	\$5.61	Dec2012	\$4.88
Dec2011	\$5.45	Dec2011	\$4.39
Dec2010	\$3.84	Dec2010	\$3.79
Dec2009	\$4.01	Dec2009	\$3.62
Dec2008	\$3.80	Dec2008	\$3.27
Dec2007	\$3.62	Dec2007	\$2.84
Dec2006	\$3.00	Dec2006	\$2.33
Dec2005	\$2.20	Dec2005	\$1.90
Dec2004	\$2.10	Dec2004	\$1.67
Dec2003	\$1.77	Dec2003	\$1.42
Dec2002	\$1.24	Dec2002	\$1.25
Dec2001	\$1.32	Dec2001	\$1.26
Dec2000	\$1.13	Dec2000	\$1.21
Dec1999	\$1.33	Balance Sheet Information 3/1/2016	
Dec1998	\$1.30	Total Current Assets	\$2,870,000,000
Dec1997	\$1.23	Total Current Liabilities	\$1,799,000,000
Dec1996	\$0.89	Long-Term Debt	\$9,222,000,000
		Total Assets	\$19,025,000,000
		Intangible Assets	\$3,647,000,000
		Total Liabilities	\$14,137,000,000
		Shares Outstanding (Diluted Average)	286,665,000





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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company

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