

ModernGraham Valuation

Company Name:

Xerox Corp

Company Ticker XRX

Date of Analysis

6/29/2016



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	\$9,434,036,102	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.11	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	11.00%	Fail
5. Earnings Growth	PEmg < 20	11.73	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.02	Pass
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	1.11	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	8.10	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	\$0.78
MG Growth Estimate	1.56%
MG Value	\$9.12
MG Value based on 3% Growth	\$11.37
MG Value based on 0% Growth	\$6.66
Market Implied Growth Rate	1.62%

MG Opinion

Current Price	\$9.20
% of Intrinsic Value	100.93%
Opinion	Fairly Valued
MG Grade	C+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$8.81
Graham Number	\$13.89
PEmg	11.73
Current Ratio	1.11
PB Ratio	1.02
Current Dividend	\$0.29
Dividend Yield	3.13%
Number of Consecutive Years of Dividend Growth	4

Useful Links:

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

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$0.99	Next Fiscal Year Estimate	\$0.78
Dec2015	\$0.42	Dec2015	\$0.72
Dec2014	\$0.81	Dec2014	\$0.84
Dec2013	\$0.91	Dec2013	\$0.81
Dec2012	\$0.88	Dec2012	\$0.71
Dec2011	\$0.90	Dec2011	\$0.64
Dec2010	\$0.43	Dec2010	\$0.58
Dec2009	\$0.55	Dec2009	\$0.72
Dec2008	\$0.26	Dec2008	\$0.83
Dec2007	\$1.19	Dec2007	\$1.05
Dec2006	\$1.22	Dec2006	\$0.88
Dec2005	\$0.94	Dec2005	\$0.61
Dec2004	\$0.86	Dec2004	\$0.34
Dec2003	\$0.36	Dec2003	\$0.17
Dec2002	\$0.02	Dec2002	\$0.18
Dec2001	-\$0.12	Dec2001	\$0.44
Dec2000	-\$0.44	Dec2000	\$0.86
Dec1999	\$1.96	Balance Sheet Information 3/1/2016	
Dec1998	\$0.52	Total Current Assets	\$6,808,000,000
Dec1997	\$2.02	Total Current Liabilities	\$6,146,000,000
Dec1996	\$1.66	Long-Term Debt	\$5,359,000,000
		Total Assets	\$24,857,000,000
		Intangible Assets	\$10,498,000,000
		Total Liabilities	\$15,731,000,000
		Shares Outstanding (Diluted Average)	1,013,033,000





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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