

ModernGraham Valuation

Company Name:

Alcoa Inc

Company Ticker AA

Date of Analysis

7/17/2016



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 | \$14,642,945,197 | Pass |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2 | 1.47 | Fail |
| 3. Earnings Stability | Positive EPS for 10 years prior | | Fail |
| 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 | -92.52% | Fail |
| 5. Earnings Growth | PEmg < 20 | -45.50 | Fail |
| 6. Moderate PEmg Ratio | PB Ratio < 2.5 OR PB*PEmg < 50 | 1.20 | 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 | 1.47 | Fail |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1 | 3.18 | Fail |
| 3. Earnings Stability | Positive EPS for 5 years prior | | Fail |
| 4. Dividend Record | Currently Pays Dividend | | Pass |
| 5. Earnings Growth | EPSmg greater than 5 years ago | | Fail |

Suitability

| | |
|---------------------|-----------|
| Defensive | No |
| Enterprising | No |

Stage 2: Determination of Intrinsic Value

| | |
|-----------------------------|---------------|
| EPSmg | -\$0.24 |
| MG Growth Estimate | -4.25% |
| MG Value | \$0.00 |
| MG Value based on 3% Growth | -\$3.48 |
| MG Value based on 0% Growth | -\$2.04 |
| Market Implied Growth Rate | -27.00% |

MG Opinion

| | |
|----------------------|-------------------|
| Current Price | \$10.92 |
| % of Intrinsic Value | N/A |
| Opinion | Overvalued |
| MG Grade | D |

Stage 3: Information for Further Research

| | |
|--|----------|
| Net Current Asset Value (NCAV) | -\$11.58 |
| Graham Number | \$6.83 |
| PEmg | -45.50 |
| Current Ratio | 1.47 |
| PB Ratio | 1.20 |
| Current Dividend | \$0.12 |
| Dividend Yield | 1.10% |
| Number of Consecutive Years of Dividend Growth | 0 |

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| EPS History | | EPSmg History | |
|---------------------------|---------|---|------------------|
| Next Fiscal Year Estimate | \$0.22 | Next Fiscal Year Estimate | -\$0.24 |
| Dec2015 | -\$0.31 | Dec2015 | -\$0.41 |
| Dec2014 | \$0.21 | Dec2014 | -\$0.38 |
| Dec2013 | -\$2.14 | Dec2013 | -\$0.61 |
| Dec2012 | \$0.18 | Dec2012 | \$0.08 |
| Dec2011 | \$0.55 | Dec2011 | \$0.19 |
| Dec2010 | \$0.24 | Dec2010 | \$0.30 |
| Dec2009 | -\$1.23 | Dec2009 | \$0.59 |
| Dec2008 | -\$0.09 | Dec2008 | \$1.56 |
| Dec2007 | \$2.95 | Dec2007 | \$2.22 |
| Dec2006 | \$2.57 | Dec2006 | \$1.70 |
| Dec2005 | \$1.40 | Dec2005 | \$1.22 |
| Dec2004 | \$1.49 | Dec2004 | \$1.14 |
| Dec2003 | \$1.08 | Dec2003 | \$1.03 |
| Dec2002 | \$0.49 | Dec2002 | \$1.07 |
| Dec2001 | \$1.05 | Dec2001 | \$1.35 |
| Dec2000 | \$1.80 | Dec2000 | \$1.42 |
| Dec1999 | \$1.41 | Balance Sheet Information 6/1/2016 | |
| Dec1998 | \$1.21 | Total Current Assets | \$8,093,000,000 |
| Dec1997 | \$1.16 | Total Current Liabilities | \$5,488,000,000 |
| Dec1996 | \$0.74 | Long-Term Debt | \$8,278,000,000 |
| | | Total Assets | \$36,139,000,000 |
| | | Intangible Assets | \$5,396,000,000 |
| | | Total Liabilities | \$23,804,000,000 |
| | | Shares Outstanding (Diluted Average) | 1,356,159,000 |





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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