ModernGraham Valuation

Company Name:

Ashland Inc

Company Ticker ASH
Date of Analysis

7/27/2016



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.

 Adequate Size of the Enterprise 	Market Cap > \$2Bil	\$7,066,196,693 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.74 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	
5. Earnings Growth	beginning and end	81.78% Pass
6. Moderate PEmg Ratio	PEmg < 20	23.55 Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.62 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	1.74 Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.67 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

MG Opinion

Defensive No Enterprising Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.82
MG Growth Estimate	12.53%
MG Value	\$161.82
MG Value based on 3% Growth	\$69.93
MG Value based on 0% Growth	\$40.99
Market Implied Growth Rate	7.52%
Current Price	\$113.56
% of Intrinsic Value	70.18%
Opinion	Undervalued

C+

Stage 3: Information for Further Research

MG Grade

Net Current Asset Value (NCAV)	-\$67.73
Graham Number	\$73.88
PEmg	23.55
Current Ratio	1.74
PB Ratio	2.62
Current Dividend	\$1.56
Dividend Yield	1.37%
Number of Consecutive Years of Dividend Growth	7

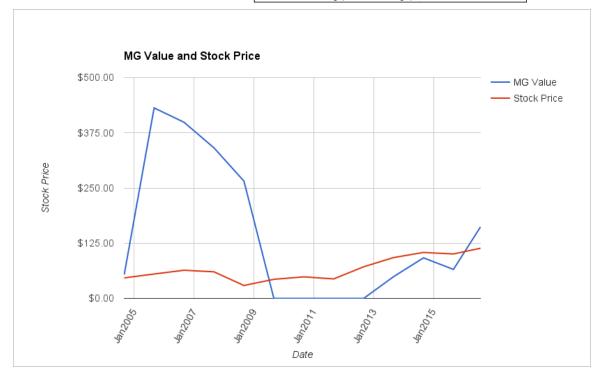
Useful Links:

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Yahoo Finance
GuruFocus

Morningstar
MSN Money
Seeking Alpha
SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$5.59	Next Fiscal Year Estimate	\$4.82
Sep2015	\$4.48	Sep2015	\$4.40
Sep2014	\$3.00	Sep2014	\$4.32
Sep2013	\$8.57	Sep2013	\$4.60
Sep2012	\$0.33	Sep2012	\$2.63
Sep2011	\$5.17	Sep2011	\$3.62
Sep2010	\$4.18	Sep2010	\$3.03
Sep2009	\$0.96	Sep2009	\$4.28
Sep2008	\$2.63	Sep2008	\$6.90
Sep2007	\$3.60	Sep2007	\$8.86
Sep2006	\$5.64	Sep2006	\$10.36
Sep2005	\$26.85	Sep2005	\$11.20
Sep2004	\$5.31	Sep2004	\$3.25
Sep2003	\$1.10	Sep2003	\$2.39
Sep2002	\$1.67	Sep2002	\$3.03
Sep2001	\$5.93	Sep2001	\$3.61
Sep2000	\$0.98	Sep2000	\$2.57
Sep1999	\$3.89	Balance Sheet Information	6/1/2016
Sep1998	\$2.63	Total Current Assets	\$2,911,000,000
Sep1997	\$3.67	Total Current Liabilities	\$1,671,000,000
Sep1996	\$2.82	Long-Term Debt	\$3,316,000,000
		Total Assets	\$9,912,000,000
		Intangible Assets	\$3,653,000,000
		Total Liabilities	\$7,178,000,000
		Shares Outstanding (Diluted Average)	63,000,000





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.

Recommended Reading:

Other ModernGraham posts about the company 5 Undervalued Companies for the Defensive Investor Near 52 Week Lows – February 2016

19 Best Stocks For Value Investors This Week – 1/9/16
Ashland Inc Valuation – January 2016 Update \$ASH
19 Best Stocks For Value Investors This Week – 8/29/15

Ashland Inc. Analysis - Initial Coverage \$ASH

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Eastman Chemical Company Valuation – July 2016 \$EMN

Dow Chemical Co Valuation – July 2016 \$DOW

Olin Corporation Valuation – June 2016 \$OLN

<u>LyondellBasell Industries Valuation – June 2016 \$LYB</u>

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