

# 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.*

1. 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
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at 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

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$4.82
MG Growth Estimate	12.53%
<b>MG Value</b>	<b>\$161.82</b>
MG Value based on 3% Growth	\$69.93
MG Value based on 0% Growth	\$40.99
Market Implied Growth Rate	7.52%

### MG Opinion

Current Price	\$113.56
% of Intrinsic Value	70.18%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>C+</b>

## Stage 3: Information for Further Research

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

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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	<b>Balance Sheet Information 6/1/2016</b>	
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.

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