

ModernGraham Valuation

Company Name:

Company Ticker BHI
Date of Analysis

Baker Hughes
Incorporated

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	\$19,977,659,093	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.56	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	-132.13%	Fail
6. Moderate PEmg Ratio	PEmg < 20	-48.61	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.28	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	3.56	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.62	Pass
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	-\$0.92
MG Growth Estimate	-4.25%
MG Value	\$2.61
MG Value based on 3% Growth	-\$13.28
MG Value based on 0% Growth	-\$7.79
Market Implied Growth Rate	-28.56%

MG Opinion

Current Price	\$44.53
% of Intrinsic Value	1705.57%
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$2.61
Graham Number	\$0.00
PEmg	-48.61
Current Ratio	3.56
PB Ratio	1.28
Current Dividend	\$0.68
Dividend Yield	1.53%
Number of Consecutive Years of Dividend Growth	3

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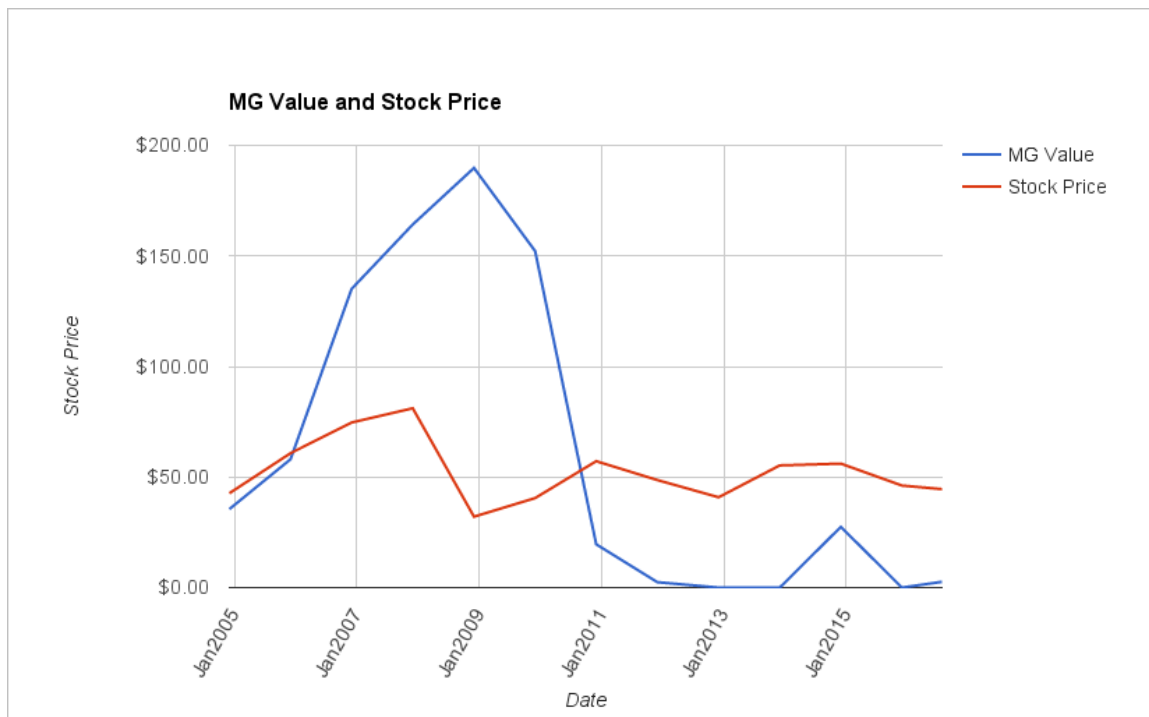
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EPS History		EPSmg History	
Next Fiscal Year Estimate	-\$3.09	Next Fiscal Year Estimate	-\$0.92
Dec2015	-\$4.49	Dec2015	\$0.70
Dec2014	\$3.92	Dec2014	\$3.23
Dec2013	\$2.47	Dec2013	\$2.77
Dec2012	\$2.97	Dec2012	\$3.00
Dec2011	\$3.97	Dec2011	\$3.17
Dec2010	\$2.06	Dec2010	\$3.22
Dec2009	\$1.36	Dec2009	\$3.95
Dec2008	\$5.30	Dec2008	\$4.93
Dec2007	\$4.73	Dec2007	\$4.27
Dec2006	\$7.27	Dec2006	\$3.51
Dec2005	\$2.57	Dec2005	\$1.51
Dec2004	\$1.58	Dec2004	\$0.92
Dec2003	\$0.38	Dec2003	\$0.57
Dec2002	\$0.50	Dec2002	\$0.53
Dec2001	\$1.30	Dec2001	\$0.46
Dec2000	\$0.31	Dec2000	\$0.11
Dec1999	\$0.10	Balance Sheet Information 3/1/2016	
Dec1998	-\$0.92	Total Current Assets	\$8,771,000,000
Sep1997	\$0.63	Total Current Liabilities	\$2,462,000,000
Sep1996	\$1.23	Long-Term Debt	\$3,885,000,000
		Total Assets	\$22,936,000,000
		Intangible Assets	\$6,623,000,000
		Total Liabilities	\$7,617,000,000
		Shares Outstanding (Diluted Average)	442,000,000





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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