

# ModernGraham Valuation

## Company Name:

Company Ticker GT  
Date of Analysis

Goodyear Tire &  
Rubber Co

7/2/2016



## 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	\$6,986,128,213	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.39	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	1651.28%	Pass
6. Moderate PEmg Ratio	PEmg < 20	7.07	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.71	Pass

*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	1.39	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.20	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>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$3.66
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$140.96</b>
MG Value based on 3% Growth	\$53.09
MG Value based on 0% Growth	\$31.12
Market Implied Growth Rate	-0.71%

### MG Opinion

Current Price	\$25.90
% of Intrinsic Value	18.37%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>C+</b>

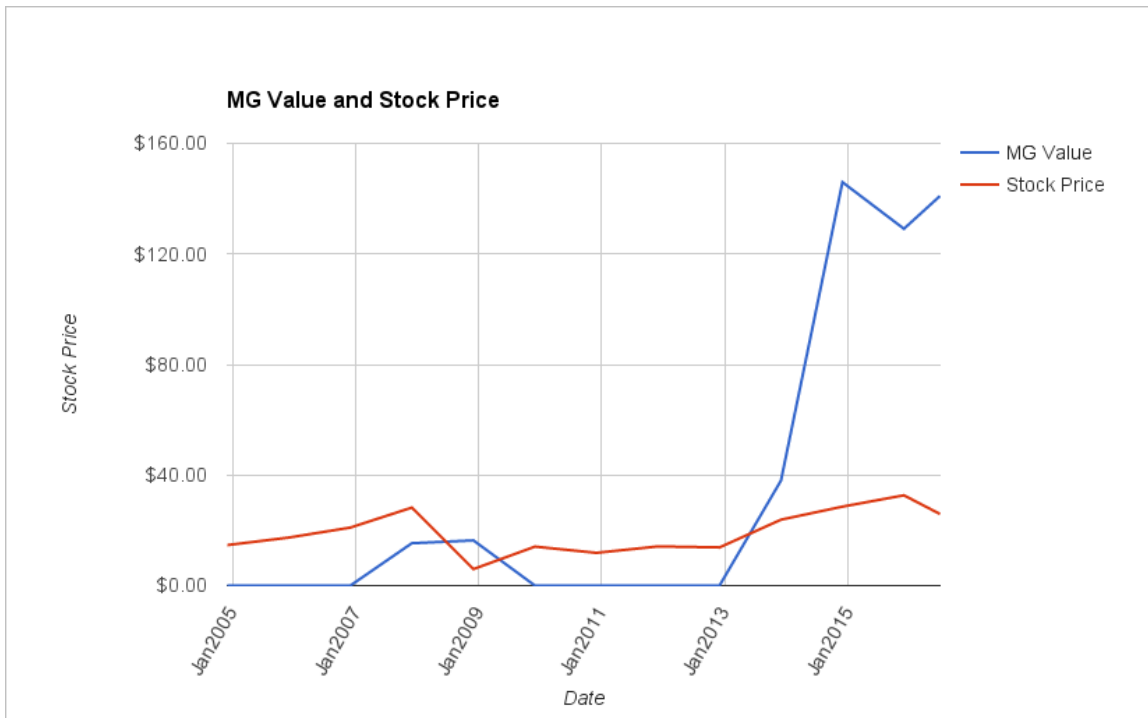
## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$23.24
Graham Number	\$36.13
PEmg	7.07
Current Ratio	1.39
PB Ratio	1.71
Current Dividend	\$0.26
Dividend Yield	1.00%
Number of Consecutive Years of Dividend Growth	4

### Useful Links:

[ModernGraham tagged articles](#)      [Morningstar](#)  
[Google Finance](#)                      [MSN Money](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.76	Next Fiscal Year Estimate	\$3.66
Dec2015	\$1.12	Dec2015	\$3.35
Dec2014	\$8.78	Dec2014	\$3.79
Dec2013	\$2.28	Dec2013	\$0.99
Dec2012	\$0.74	Dec2012	\$0.18
Dec2011	\$1.26	Dec2011	\$0.01
Dec2010	-\$0.89	Dec2010	-\$0.54
Dec2009	-\$1.55	Dec2009	-\$0.24
Dec2008	-\$0.32	Dec2008	\$0.42
Dec2007	\$2.65	Dec2007	\$0.40
Dec2006	-\$1.86	Dec2006	-\$1.24
Dec2005	\$1.16	Dec2005	-\$1.33
Dec2004	\$0.63	Dec2004	-\$2.49
Dec2003	-\$4.58	Dec2003	-\$3.41
Dec2002	-\$6.62	Dec2002	-\$2.01
Dec2001	-\$1.27	Dec2001	\$0.76
Dec2000	\$0.25	Dec2000	\$1.87
Dec1999	\$1.52	<b>Balance Sheet Information 3/1/2016</b>	
Dec1998	\$4.31	Total Current Assets	\$6,375,000,000
Dec1997	\$3.53	Total Current Liabilities	\$4,601,000,000
Dec1996	\$0.66	Long-Term Debt	\$5,685,000,000
		Total Assets	\$16,777,000,000
		Intangible Assets	\$712,000,000
		Total Liabilities	\$12,673,000,000
		Shares Outstanding (Diluted Average)	271,000,000





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

- [34 Companies in the Spotlight This Week – 2/7/15](#)
- [Goodyear Tire & Rubber Company Annual Valuation – 2015 \\$GT](#)
- [15 Companies in the Spotlight This Week – 2/1/14](#)
- [The Goodyear Tire & Rubber Company \(GT\) Annual Valuation](#)

Other ModernGraham posts about related companies

- [Harley-Davidson Inc Valuation – June 2016 \\$HOG](#)
- [Autozone Inc Valuation – June 2016 \\$AZO](#)
- [BorgWarner Inc Valuation – February 2016 Update \\$BWA](#)
- [Genuine Parts Co Valuation – January 2016 Update \\$GPC](#)
- [Ford Motor Company Valuation – January 2016 Update \\$F](#)
- [Genuine Parts Co Valuation – January 2016 Update \\$GPC](#)
- [Ford Motor Company Valuation – January 2016 Update \\$F](#)
- [Harley-Davidson Inc Valuation – January 2016 Update \\$HOG](#)
- [AutoNation Inc Valuation – November 2015 Update \\$AN](#)
- [BorgWarner Inc. Valuation – November 2015 Update \\$BWA](#)