

ModernGraham Valuation

Company Name:

Pitney Bowes Inc.

Company Ticker PBI

Date of Analysis

7/19/2016



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	\$3,547,871,674	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.13	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 beginning and end	-5.44%	Fail
5. Earnings Growth	PEmg < 20	11.13	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	29.37	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	1.13	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	11.14	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		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.68
MG Growth Estimate	-3.71%
MG Value	\$1.80
MG Value based on 3% Growth	\$24.41
MG Value based on 0% Growth	\$14.31
Market Implied Growth Rate	1.32%

MG Opinion

Current Price	\$18.74
% of Intrinsic Value	1038.97%
Opinion	Overvalued
MG Grade	D+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$18.99
Graham Number	\$4.97
PEmg	11.13
Current Ratio	1.13
PB Ratio	29.37
Current Dividend	\$0.75
Dividend Yield	4.01%
Number of Consecutive Years of Dividend Growth	1

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.72	Next Fiscal Year Estimate	\$1.68
Dec2015	\$2.03	Dec2015	\$1.75
Dec2014	\$1.64	Dec2014	\$1.68
Dec2013	\$0.70	Dec2013	\$1.76
Dec2012	\$2.21	Dec2012	\$2.24
Dec2011	\$3.05	Dec2011	\$2.18
Dec2010	\$1.41	Dec2010	\$1.67
Dec2009	\$2.04	Dec2009	\$1.76
Dec2008	\$2.00	Dec2008	\$1.64
Dec2007	\$1.66	Dec2007	\$1.55
Dec2006	\$0.47	Dec2006	\$1.58
Dec2005	\$2.27	Dec2005	\$2.12
Dec2004	\$2.05	Dec2004	\$2.06
Dec2003	\$2.11	Dec2003	\$2.10
Dec2002	\$1.97	Dec2002	\$2.11
Dec2001	\$1.97	Dec2001	\$2.16
Dec2000	\$2.41	Dec2000	\$2.08
Dec1999	\$2.34	Balance Sheet Information 3/1/2016	
Dec1998	\$2.06	Total Current Assets	\$2,214,184,000
Dec1997	\$1.80	Total Current Liabilities	\$1,965,101,000
Dec1996	\$0.00	Long-Term Debt	\$2,775,213,000
		Total Assets	\$6,005,822,000
		Intangible Assets	\$1,949,049,000
		Total Liabilities	\$5,882,554,000
		Shares Outstanding (Diluted Average)	193,181,000





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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