

ModernGraham Valuation

Company Name:

Abbott Laboratories

Company Ticker ABT

Date of Analysis

8/16/2016



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	\$66,252,411,813	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.50	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	-31.69%	Fail
5. Earnings Growth	PEmg < 20	20.94	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	3.22	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	1.50	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.39	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	\$2.15
MG Growth Estimate	-4.25%
MG Value	\$0.00
MG Value based on 3% Growth	\$31.14
MG Value based on 0% Growth	\$18.25
Market Implied Growth Rate	6.22%

MG Opinion

Current Price	\$44.96
% of Intrinsic Value	N/A
Opinion	Overvalued
MG Grade	D+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$4.17
Graham Number	\$24.00
PEmg	20.94
Current Ratio	1.50
PB Ratio	3.22
Current Dividend	\$1.00
Dividend Yield	2.22%
Number of Consecutive Years of Dividend Growth	3

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.82	Next Fiscal Year Estimate	\$2.15
Dec2015	\$2.92	Dec2015	\$2.39
Dec2014	\$1.49	Dec2014	\$2.27
Dec2013	\$1.62	Dec2013	\$2.77
Dec2012	\$3.72	Dec2012	\$3.33
Dec2011	\$3.01	Dec2011	\$3.10
Dec2010	\$2.96	Dec2010	\$2.98
Dec2009	\$3.69	Dec2009	\$2.82
Dec2008	\$3.12	Dec2008	\$2.31
Dec2007	\$2.31	Dec2007	\$1.89
Dec2006	\$1.12	Dec2006	\$1.71
Dec2005	\$2.16	Dec2005	\$1.92
Dec2004	\$2.06	Dec2004	\$1.76
Dec2003	\$1.75	Dec2003	\$1.60
Dec2002	\$1.78	Dec2002	\$1.52
Dec2001	\$0.99	Dec2001	\$1.41
Dec2000	\$1.78	Dec2000	\$1.57
Dec1999	\$1.57	Balance Sheet Information 6/1/2016	
Dec1998	\$1.50	Total Current Assets	\$12,988,000,000
Dec1997	\$1.32	Total Current Liabilities	\$8,673,000,000
Dec1996	\$1.19	Long-Term Debt	\$6,016,000,000
		Total Assets	\$39,831,000,000
		Intangible Assets	\$15,063,000,000
		Total Liabilities	\$19,156,000,000
		Shares Outstanding (Diluted Average)	1,480,492,000





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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