

ModernGraham Valuation

Company Name:

Company Ticker BAX
Date of Analysis

Baxter International
Inc

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	\$26,161,618,750 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.83 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	65.81% Pass
6. Moderate PEmg Ratio	PEmg < 20	9.26 Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.14 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	1.83 Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00 Pass
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

Defensive	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$5.21
MG Growth Estimate	6.76%
MG Value	\$114.79
MG Value based on 3% Growth	\$75.61
MG Value based on 0% Growth	\$44.32
Market Implied Growth Rate	0.38%

MG Opinion

Current Price	\$48.28
% of Intrinsic Value	42.06%
Opinion	Undervalued
MG Grade	A-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$1.18
Graham Number	\$56.99
PEmg	9.26
Current Ratio	1.83
PB Ratio	3.14
Current Dividend	\$0.48
Dividend Yield	0.98%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$9.20	Next Fiscal Year Estimate	\$5.21
Dec2015	\$1.76	Dec2015	\$3.35
Dec2014	\$4.56	Dec2014	\$4.01
Dec2013	\$3.66	Dec2013	\$3.67
Dec2012	\$4.18	Dec2012	\$3.60
Dec2011	\$3.88	Dec2011	\$3.24
Dec2010	\$2.39	Dec2010	\$2.88
Dec2009	\$3.59	Dec2009	\$2.95
Dec2008	\$3.16	Dec2008	\$2.42
Dec2007	\$2.61	Dec2007	\$1.93
Dec2006	\$2.13	Dec2006	\$1.55
Dec2005	\$1.52	Dec2005	\$1.27
Dec2004	\$0.63	Dec2004	\$1.17
Dec2003	\$1.50	Dec2003	\$1.42
Dec2002	\$1.66	Dec2002	\$1.31
Dec2001	\$1.09	Dec2001	\$1.07
Dec2000	\$1.25	Dec2000	\$1.04
Dec1999	\$1.35	Balance Sheet Information 6/1/2016	
Dec1998	\$0.55	Total Current Assets	\$6,823,000,000
Dec1997	\$0.53	Total Current Liabilities	\$3,723,000,000
Dec1996	\$1.23	Long-Term Debt	\$0
		Total Assets	\$15,982,000,000
		Intangible Assets	\$3,912,000,000
		Total Liabilities	\$7,473,000,000
		Shares Outstanding (Diluted Average)	553,000,000





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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