

ModernGraham Valuation



Company Name:

Baxter International
Inc

Company Ticker BAX

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	\$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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[Google Finance](#) [MSN Money](#)
[Yahoo Finance](#) [Seeking Alpha](#)
[GuruFocus](#) [SEC Filings](#)

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.

Recommended Reading:

Other ModernGraham posts about the company

- [Baxter International Inc Valuation – February 2016 \\$BAX](#)
- [The Best Companies of the Medical Industry – September 2015](#)
- [15 Best Stocks For Value Investors This Week – 9/12/15](#)
- [Baxter International Inc. Analysis – September 2015 Update \\$BAX](#)
- [The Best Companies of the Medical Industry – September 2015](#)

Other ModernGraham posts about related companies

- [Cerner Corporation Valuation – August 2016 \\$CERN](#)
- [Stryker Corporation Valuation – August 2016 \\$SYK](#)
- [Henry Schein Inc Valuation – July 2016 \\$HSIC](#)
- [Quest Diagnostics Inc Valuation – July 2016 \\$DGX](#)
- [Tenet Healthcare Corp Valuation – July 2016 \\$THC](#)
- [Laboratory Corp of America Holdings Valuation – July 2016 \\$LH](#)
- [Medtronic PLC Valuation – July 2016 \\$MDT](#)
- [Intuitive Surgical Inc Valuation – July 2016 \\$ISRG](#)
- [Cardinal Health Inc Valuation – July 2016 \\$CAH](#)
- [PerkinElmer Inc Valuation – July 2016 \\$PKI](#)