

ModernGraham Valuation

Company Name:

Company Ticker IPG
Date of Analysis

Interpublic Group of
Companies Inc

8/6/2016



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	\$9,334,108,794	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.99	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
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	262.89%	Pass
6. Moderate PEmg Ratio	PEmg < 20	21.10	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.75	Fail

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	0.99	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-27.83	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

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.10
MG Growth Estimate	7.47%
MG Value	\$25.67
MG Value based on 3% Growth	\$15.88
MG Value based on 0% Growth	\$9.31
Market Implied Growth Rate	6.30%

MG Opinion

Current Price	\$23.11
% of Intrinsic Value	90.04%
Opinion	Fairly Valued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$7.35
Graham Number	\$12.09
PEmg	21.10
Current Ratio	0.99
PB Ratio	4.75
Current Dividend	\$0.54
Dividend Yield	2.34%
Number of Consecutive Years of Dividend Growth	4

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[Yahoo Finance](#) [Seeking Alpha](#)
[GuruFocus](#) [SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.31	Next Fiscal Year Estimate	\$1.10
Dec2015	\$1.09	Dec2015	\$0.98
Dec2014	\$1.12	Dec2014	\$0.89
Dec2013	\$0.61	Dec2013	\$0.73
Dec2012	\$0.94	Dec2012	\$0.73
Dec2011	\$0.99	Dec2011	\$0.58
Dec2010	\$0.47	Dec2010	\$0.33
Dec2009	\$0.19	Dec2009	\$0.18
Dec2008	\$0.52	Dec2008	\$0.02
Dec2007	\$0.26	Dec2007	-\$0.36
Dec2006	-\$0.19	Dec2006	-\$0.67
Dec2005	-\$0.68	Dec2005	-\$0.90
Dec2004	-\$1.34	Dec2004	-\$0.86
Dec2003	-\$1.17	Dec2003	-\$0.42
Dec2002	\$0.04	Dec2002	\$0.10
Dec2001	-\$1.37	Dec2001	\$0.28
Dec2000	\$1.15	Dec2000	\$1.08
Dec1999	\$1.11	Balance Sheet Information	
Dec1998	\$1.11	6/1/2016	
Dec1997	\$0.95	Total Current Assets	\$6,625,400,000
Dec1996	\$0.85	Total Current Liabilities	\$6,682,300,000
		Long-Term Debt	\$1,583,600,000
		Total Assets	\$11,633,900,000
		Intangible Assets	\$3,662,200,000
		Total Liabilities	\$9,638,300,000
		Shares Outstanding (Diluted Average)	409,800,000





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

- [Interpublic Group of Companies Inc. Annual Valuation – 2015 \\$IPG](#)
- [16 Companies in the Spotlight this Week – 4/19/14](#)
- [Interpublic Group of Companies \(IPG\) Annual Valuation – 2014](#)

Other ModernGraham posts about related companies

- [Omnicon Group Inc Valuation – July 2016 \\$OMC](#)
- [Nielsen NV Analysis – July 2015 Update \\$NLSN](#)
- [Interpublic Group of Companies Inc. Annual Valuation – 2015 \\$IPG](#)
- [Nielsen N.V. Annual Valuation – 2014 \\$NLSN](#)
- [Interpublic Group of Companies \(IPG\) Annual Valuation – 2014](#)