

# ModernGraham Valuation

Company Name:

PPG Industries, Inc.

Company Ticker

PPG

Date of Analysis

8/15/2016



## 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	\$27,616,674,621	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.62	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	251.50%	Pass
6. Moderate PEmg Ratio	PEmg < 20	16.37	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	5.26	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	1.62	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.62	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

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$6.38
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$245.66</b>
MG Value based on 3% Growth	\$92.52
MG Value based on 0% Growth	\$54.24
Market Implied Growth Rate	3.94%

### MG Opinion

Current Price	\$104.46
% of Intrinsic Value	42.52%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>B+</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$17.82
Graham Number	\$49.66
PEmg	16.37
Current Ratio	1.62
PB Ratio	5.26
Current Dividend	\$1.48
Dividend Yield	1.42%
Number of Consecutive Years of Dividend Growth	20

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$5.46	Next Fiscal Year Estimate	\$6.38
Dec2015	\$5.14	Dec2015	\$6.58
Dec2014	\$7.52	Dec2014	\$6.69
Dec2013	\$11.13	Dec2013	\$5.58
Dec2012	\$3.03	Dec2012	\$2.63
Dec2011	\$3.44	Dec2011	\$2.35
Dec2010	\$2.32	Dec2010	\$1.85
Dec2009	\$1.02	Dec2009	\$1.68
Dec2008	\$1.63	Dec2008	\$2.00
Dec2007	\$2.52	Dec2007	\$2.12
Dec2006	\$2.14	Dec2006	\$1.75
Dec2005	\$1.75	Dec2005	\$1.45
Dec2004	\$1.98	Dec2004	\$1.27
Dec2003	\$1.45	Dec2003	\$1.00
Dec2002	-\$0.21	Dec2002	\$0.96
Dec2001	\$1.15	Dec2001	\$1.61
Dec2000	\$1.79	Dec2000	\$1.87
Dec1999	\$1.62	<b>Balance Sheet Information 6/1/2016</b>	
Dec1998	\$2.24	Total Current Assets	\$7,107,000,000
Dec1997	\$1.97	Total Current Liabilities	\$4,375,000,000
Dec1996	\$1.97	Long-Term Debt	\$4,426,000,000
		Total Assets	\$17,248,000,000
		Intangible Assets	\$5,675,000,000
		Total Liabilities	\$11,902,000,000
		Shares Outstanding (Diluted Average)	269,100,000





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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