# **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.

<ol> <li>Adequate Size of the Enterprise</li> </ol>	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
	Increase of 33% in EPS in past 10 years using 3 year averages at	
5. Earnings Growth	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

MG Opinion

Defensive No Enterprising Yes

#### Stage 2: Determination of Intrinsic Value

EPSmg	\$6.38
MG Growth Estimate	15.00%
MG Value	\$245.66
MG Value based on 3% Growth	\$92.52
MG Value based on 0% Growth	\$54.24
Market Implied Growth Rate	3.94%
Current Price	\$104.46
% of Intrinsic Value	42.52%

Undervalued

B+

### Stage 3: Information for Further Research

Opinion

MG Grade

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

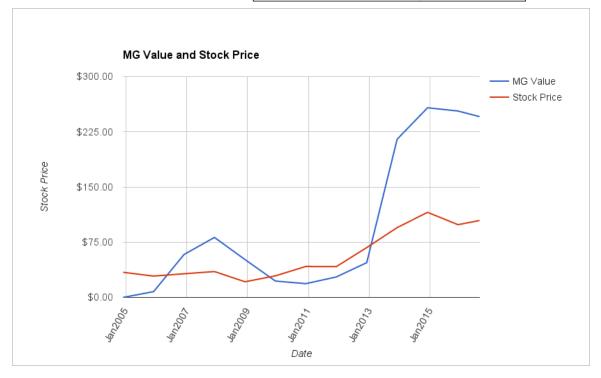
Useful Links: Mod

ModernGraham tagged articles

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SEC Filings

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	Balance Sheet Information	6/1/2016
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.

#### **Recommended Reading:**

Other ModernGraham posts about the company 18 Companies in the Spotlight This Week – 3/15/15

PPG Industries Inc. Annual Valuation – 2015 \$PPG

32 Companies in the Spotlight This Week – 12/6/14

PPG Industries Inc. Quarterly Valuation – December 2014 \$PPG

Other ModernGraham posts about related companies

D.R. Horton Inc Valuation – August 2016 \$DHI

Martin Marietta Materials Inc Valuation – August 2016 \$MLM

Fluor Corporation Valuation – August 2016 \$FLR

Vulcan Materials Co Valuation – July 2016 \$VMC

PulteGroup Inc Valuation - July 2016 \$PHM

Sherwin-Williams Co Valuation – July 2016 \$SHW

Cummins Inc Valuation – July 2016 \$CMI

Corning Inc Valuation – May 2016 \$GLW

Flowserve Corporation Valuation - May 2016 \$FLS

Lennar Corporation Valuation – May 2016 \$LEN