

# ModernGraham Valuation

## Company Name:

Company Ticker IPG

Date of Analysis

12/14/2016

Interpublic Group of  
Companies Inc



## 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	\$9,675,489,958	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
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	268.04%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	21.67	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	5.06	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	-19.33	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>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$1.11
MG Growth Estimate	7.81%
<b>MG Value</b>	<b>\$26.82</b>
MG Value based on 3% Growth	\$16.12
MG Value based on 0% Growth	\$9.45
Market Implied Growth Rate	6.59%

### MG Opinion

Current Price	\$24.10
% of Intrinsic Value	89.87%
<b>Opinion</b>	<b>Fairly Valued</b>
<b>MG Grade</b>	<b>C-</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$7.76
Graham Number	\$12.23
PEmg	21.67
Current Ratio	0.99
PB Ratio	5.06
Current Dividend	\$0.57
Dividend Yield	2.37%
Number of Consecutive Years of Dividend Growth	4

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
	\$1.36		\$1.11
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	-\$0.37
Dec2006	-\$0.19	Dec2006	-\$0.70
Dec2005	-\$0.68	Dec2005	-\$0.95
Dec2004	-\$1.34	Dec2004	-\$0.95
Dec2003	-\$1.40	Dec2003	-\$0.55
Dec2002	\$0.04	Dec2002	\$0.03
Dec2001	-\$1.45	Dec2001	\$0.19
Dec2000	\$0.89	Dec2000	\$1.00
Dec1999	\$1.11	<b>Balance Sheet Information 9/1/2016</b>	
Dec1998	\$1.11	Total Current Assets	\$6,733,200,000
Dec1997	\$0.95	Total Current Liabilities	\$6,815,100,000
Dec1996	\$0.85	Long-Term Debt	\$1,583,300,000
		Total Assets	\$11,839,500,000
		Intangible Assets	\$3,715,300,000
		Total Liabilities	\$9,898,100,000
		Shares Outstanding (Diluted Average)	407,900,000





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 Valuation – August 2016 \\$IPG](#)  
[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

[Interpublic Group of Companies Inc Valuation – August 2016 \\$IPG](#)  
[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](#)