

ModernGraham Valuation

Company Name:

PPG Industries, Inc.

Company Ticker PPG

Date of Analysis

1/16/2017



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	\$25,283,646,907	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.44	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	206.30%	Pass
6. Moderate PEmg Ratio	PEmg < 20	17.19	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	5.10	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	1.44	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.92	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
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$5.60
MG Growth Estimate	15.00%
MG Value	\$215.75
MG Value based on 3% Growth	\$81.26
MG Value based on 0% Growth	\$47.63
Market Implied Growth Rate	4.34%

MG Opinion

Current Price	\$96.32
% of Intrinsic Value	44.64%
Opinion	Undervalued
MG Grade	C+

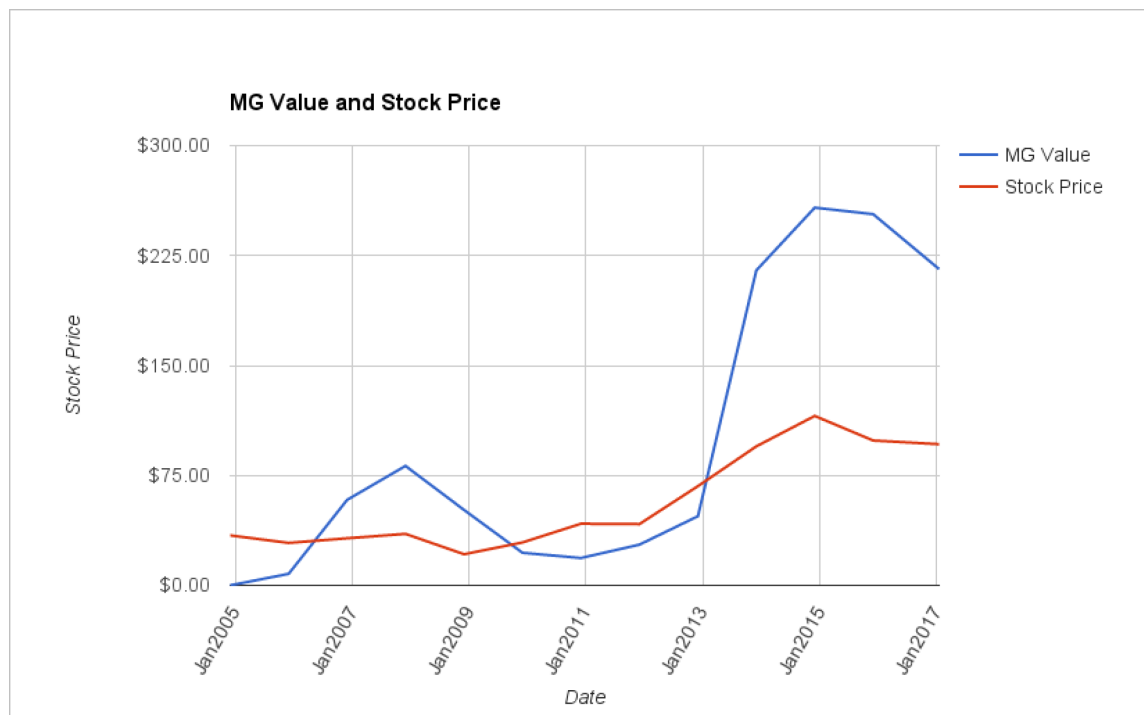
Stage 3: Information for Further Research

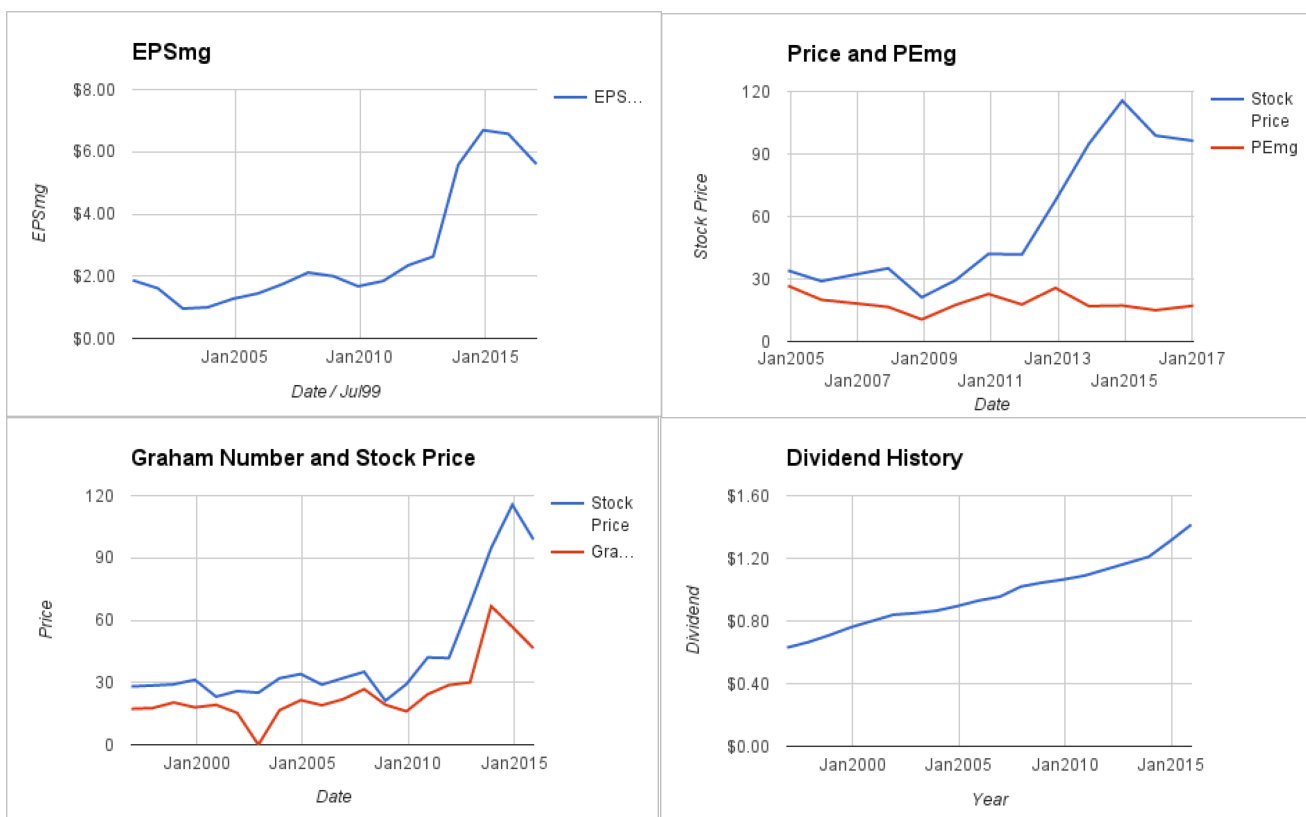
Net Current Asset Value (NCAV)	-\$18.93
Graham Number	\$36.63
PEmg	17.19
Current Ratio	1.44
PB Ratio	5.10
Current Dividend	\$1.52
Dividend Yield	1.58%
Number of Consecutive Years of Dividend Growth	20

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.13	Next Fiscal Year Estimate	\$5.60
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 9/1/2016	
Dec1998	\$2.24	Total Current Assets	\$6,417,000,000
Dec1997	\$1.97	Total Current Liabilities	\$4,460,000,000
Dec1996	\$1.97	Long-Term Debt	\$3,752,000,000
		Total Assets	\$16,490,000,000
		Intangible Assets	\$5,774,000,000
		Total Liabilities	\$11,459,000,000
		Shares Outstanding (Diluted Average)	266,300,000





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

- [PPG Industries Inc Valuation – August 2016 \\$PPG](#)
- [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

- [Quanta Services Inc Valuation – August 2016 \\$PWR](#)
- [Jacobs Engineering Group Inc Valuation – August 2016 \\$JEC](#)
- [PPG Industries Inc Valuation – August 2016 \\$PPG](#)
- [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](#)