

ModernGraham Valuation

International Paper
Co



Company Name:

Company Ticker IP

Date of Analysis

3/25/2017

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	\$20,748,870,275	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.71	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	8466.67%	Pass
6. Moderate PEmg Ratio	PEmg < 20	20.27	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.86	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	1.71	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.82	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 Score		Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.51
MG Growth Estimate	0.42%
MG Value	\$23.42
MG Value based on 3% Growth	\$36.35
MG Value based on 0% Growth	\$21.31
Market Implied Growth Rate	5.88%

MG Opinion

Current Price	\$50.81
% of Intrinsic Value	216.91%
Opinion	Overvalued
MG Grade	C+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$53.02
Graham Number	\$28.00
PEmg	20.27
Current Ratio	1.71
PB Ratio	4.86
Current Dividend	\$1.78
Dividend Yield	3.51%
Number of Consecutive Years of Dividend Growth	8

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	\$3.30	Next Fiscal Year Estimate	\$2.51
Dec2016	\$2.18	Dec2016	\$2.11
Dec2015	\$2.23	Dec2015	\$2.15
Dec2014	\$1.29	Dec2014	\$2.13
Dec2013	\$3.11	Dec2013	\$2.44
Dec2012	\$1.80	Dec2012	\$1.73
Dec2011	\$3.03	Dec2011	\$1.52
Dec2010	\$1.59	Dec2010	\$0.84
Dec2009	\$1.55	Dec2009	\$0.68
Dec2008	-\$3.05	Dec2008	\$0.43
Dec2007	\$2.70	Dec2007	\$1.96
Dec2006	\$2.18	Dec2006	\$1.26
Dec2005	\$2.21	Dec2005	\$0.43
Dec2004	-\$0.07	Dec2004	-\$0.53
Dec2003	\$0.63	Dec2003	-\$0.70
Dec2002	-\$1.82	Dec2002	-\$1.11
Dec2001	-\$2.50	Dec2001	-\$0.59
Dec2000	\$0.32	Balance Sheet Information 12/1/2016	
Dec1999	\$0.44	Total Current Assets	\$6,969,000,000
Dec1998	\$0.60	Total Current Liabilities	\$4,072,000,000
Dec1997	-\$0.20	Long-Term Debt	\$11,075,000,000
		Total Assets	\$33,345,000,000
		Intangible Assets	\$3,911,000,000
		Total Liabilities	\$29,004,000,000
		Shares Outstanding (Diluted Average)	415,600,000





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**
- [International Paper Co Valuation – December 2015 Update \\$IP](#)
 - [10 Undervalued Companies for Enterprising Dividend Investors – November 2015](#)
 - [10 Undervalued Companies for the Enterprising Dividend Stock Investor – October 2015](#)
 - [15 Best Stocks For Value Investors This Week – 9/4/15](#)
 - [International Paper Company Analysis – September 2015 Update \\$IP](#)

- Other ModernGraham posts about related companies**
- [WestRock Co Valuation – August 2016 \\$WRK](#)
 - [Bemis Company Inc Valuation – July 2016 \\$BMS](#)
 - [Owens-Illinois Inc Valuation – June 2016 \\$OI](#)
 - [Bemis Co Inc Valuation – January 2016 Update \\$BMS](#)
 - [WestRock Co Valuation – January 2016 Update \\$WRK](#)
 - [International Paper Co Valuation – December 2015 Update \\$IP](#)
 - [Bemis Company Inc. Analysis – September 2015 Update \\$BMS](#)
 - [WestRock Co. Analysis – Initial Coverage \\$WRK](#)
 - [International Paper Company Analysis – September 2015 Update \\$IP](#)
 - [Ball Corporation Analysis – 2015 Update \\$BLL](#)