

ModernGraham Valuation

Eastman Chemical
Company



Company Name:

Company Ticker EMN

Date of Analysis

3/1/2018

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	\$14,528,670,282	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.83	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	189.97%	Pass
6. Moderate PEmg Ratio	PEmg < 20	13.14	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.93	Pass

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	1.83	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	4.29	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	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$7.69
MG Growth Estimate	7.98%
MG Value	\$188.21
MG Value based on 3% Growth	\$111.55
MG Value based on 0% Growth	\$65.39
Market Implied Growth Rate	2.32%

MG Opinion

Current Price	\$101.08
% of Intrinsic Value	53.71%
Opinion	Undervalued
MG Grade	B+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$53.31
Graham Number	\$84.49
PEmg	13.14
Current Ratio	1.83
PB Ratio	2.93
Current Dividend	\$2.09
Dividend Yield	2.07%
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	\$8.30	Next Fiscal Year Estimate	\$7.69
Dec2017	\$10.09	Dec2017	\$7.19
Dec2016	\$5.75	Dec2016	\$5.61
Dec2015	\$5.66	Dec2015	\$5.39
Dec2014	\$4.97	Dec2014	\$5.02
Dec2013	\$7.44	Dec2013	\$4.61
Dec2012	\$2.93	Dec2012	\$3.03
Dec2011	\$4.52	Dec2011	\$2.88
Dec2010	\$2.88	Dec2010	\$2.06
Dec2009	\$0.93	Dec2009	\$1.83
Dec2008	\$2.28	Dec2008	\$2.25
Dec2007	\$1.79	Dec2007	\$1.96
Dec2006	\$2.46	Dec2006	\$1.74
Dec2005	\$3.41	Dec2005	\$1.05
Dec2004	\$1.09	Dec2004	-\$0.05
Dec2003	-\$1.75	Dec2003	-\$0.42
Dec2002	\$0.40	Dec2002	\$0.37
Dec2001	-\$1.14	Balance Sheet Information 9/1/2017	
Dec2000	\$1.97	Total Current Assets	\$3,245,000,000
Dec1999	\$0.31	Total Current Liabilities	\$1,771,000,000
Dec1998	\$1.57	Long-Term Debt	\$6,325,000,000
		Total Assets	\$16,024,000,000
		Intangible Assets	\$6,924,000,000
		Total Liabilities	\$11,001,000,000
		Shares Outstanding (Diluted Average)	145,500,000





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**
- [10 Most Undervalued Companies for the Defensive Investor – May 2016](#)
 - [10 Most Undervalued Companies for the Defensive Investor – February 2016](#)
 - [18 Best Stocks For Value Investors This Week – 1/30/16](#)
 - [Eastman Chemical Co Valuation – January 2016 \\$EMN](#)
 - [10 Most Undervalued Companies for the Defensive Investor – November 2015](#)

- Other ModernGraham posts about related companies**
- [DowDuPont Inc Valuation – February 2018 \\$DWDP](#)
 - [Green Plains Inc Valuation – Initial Coverage \\$GPPE](#)
 - [PolyOne Corp Valuation – Initial Coverage \\$POL](#)
 - [Ingevity Corp Valuation – Initial Coverage \\$NGVT](#)
 - [Praxair Inc Valuation – August 2017 \\$PX](#)
 - [Albemarle Corp Valuation – March 2017 \\$ALB](#)
 - [Sensient Technologies Corp Valuation – Initial Coverage \\$SXT](#)
 - [Quaker Chemical Corp Valuation – Initial Coverage \\$KWR](#)
 - [Kraton Corp Valuation – Initial Coverage \\$KRA](#)
 - [Koppers Holdings Inc Valuation – Initial Coverage \\$KOP](#)