

ModernGraham Valuation

Goodyear Tire &
Rubber Co



Company Name:

Company Ticker GT

Date of Analysis

3/22/2018

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	\$6,579,502,468	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.21	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-909.32%	Fail
6. Moderate PEmg Ratio	PEmg < 20	8.56	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.47	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	1.21	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	Pass
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		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.19
MG Growth Estimate	-2.36%
MG Value	\$12.07
MG Value based on 3% Growth	\$46.32
MG Value based on 0% Growth	\$27.15
Market Implied Growth Rate	0.03%

MG Opinion

Current Price	\$27.36
% of Intrinsic Value	226.65%
Opinion	Overvalued
MG Grade	C-

Stage 3: Information for Further Research

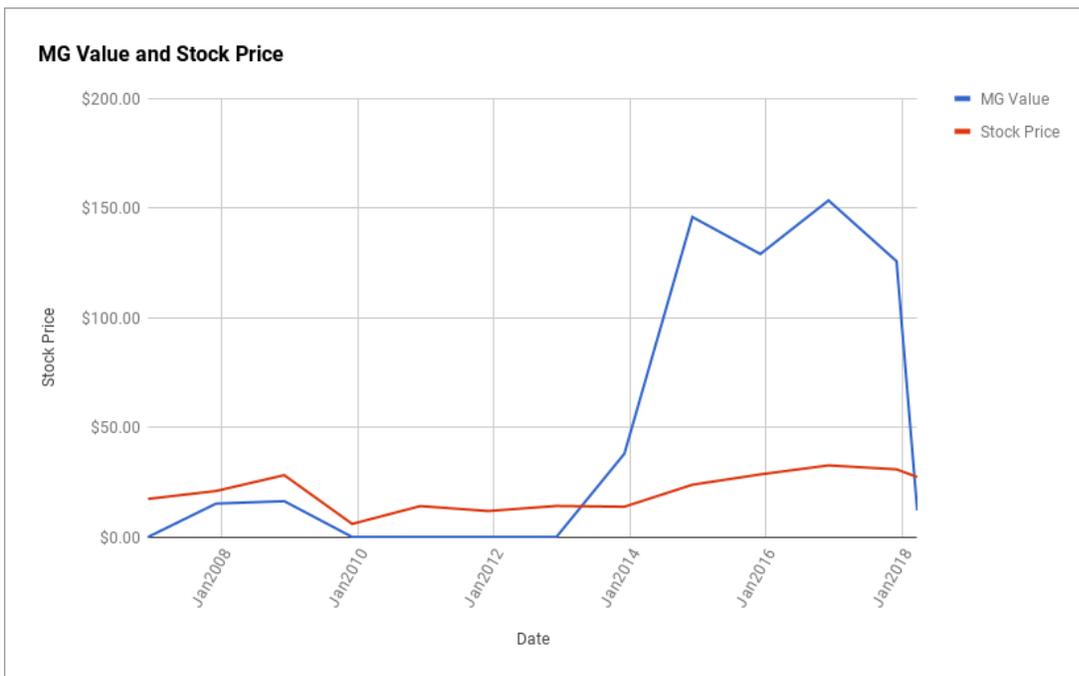
Net Current Asset Value (NCAV)	-\$25.84
Graham Number	\$38.53
PEmg	8.56
Current Ratio	1.21
PB Ratio	1.47
Current Dividend	\$0.44
Dividend Yield	1.61%
Number of Consecutive Years of Dividend Growth	5

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.44	Next Fiscal Year Estimate	\$3.19
Dec2017	\$1.37	Dec2017	\$3.27
Dec2016	\$4.74	Dec2016	\$3.99
Dec2015	\$1.12	Dec2015	\$3.35
Dec2014	\$8.78	Dec2014	\$3.79
Dec2013	\$2.28	Dec2013	\$0.99
Dec2012	\$0.74	Dec2012	\$0.18
Dec2011	\$1.26	Dec2011	\$0.01
Dec2010	-\$0.89	Dec2010	-\$0.54
Dec2009	-\$1.55	Dec2009	-\$0.24
Dec2008	-\$0.32	Dec2008	\$0.42
Dec2007	\$2.65	Dec2007	\$0.40
Dec2006	-\$1.86	Dec2006	-\$1.30
Dec2005	\$1.16	Dec2005	-\$1.47
Dec2004	\$0.63	Dec2004	-\$2.70
Dec2003	-\$4.61	Dec2003	-\$3.70
Dec2002	-\$7.47	Dec2002	-\$2.38
Dec2001	-\$1.59	Balance Sheet Information 12/1/2017	
Dec2000	\$0.31	Total Current Assets	\$6,079,000,000
Dec1999	\$1.53	Total Current Liabilities	\$5,025,000,000
Dec1998	\$4.03	Long-Term Debt	\$0
		Total Assets	\$17,064,000,000
		Intangible Assets	\$734,000,000
		Total Liabilities	\$12,461,000,000
		Shares Outstanding (Diluted Average)	247,000,000





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

- [Goodyear Tire & Rubber Co Valuation – July 2016 \\$GT](#)
- [34 Companies in the Spotlight This Week – 2/7/15](#)
- [Goodyear Tire & Rubber Company Annual Valuation – 2015 \\$GT](#)
- [15 Companies in the Spotlight This Week – 2/1/14](#)
- [The Goodyear Tire & Rubber Company \(GT\) Annual Valuation](#)

Other ModernGraham posts about related companies

- [Genuine Parts Co Valuation – March 2018 \\$GPC](#)
- [AutoZone Inc Valuation – February 2018 \\$AZO](#)
- [Thor Industries Inc Valuation – Initial Coverage \\$THO](#)
- [Titan International Inc Valuation – Initial Coverage \\$TWI](#)
- [Harley-Davidson Inc Valuation – August 2017 \\$HOG](#)
- [Wabash National Corp Valuation – Initial Coverage \\$WNC](#)
- [Advance Auto Parts Inc Valuation – August 2017 \\$AAP](#)
- [Fox Factory Holding Corp Valuation – Initial Coverage \\$FOXF](#)
- [Monro Muffler Brake Inc Valuation – Initial Coverage \\$MNRO](#)
- [Group 1 Automotive Inc Valuation – Initial Coverage \\$GPI](#)