

ModernGraham Valuation

Company Name:

Altria Group Inc

Company Ticker MO

Date of Analysis

3/16/2018



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	\$120,089,418,546	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.32	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	92.65%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	22.27	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	5.74	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	2.32	Pass
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		Pass
	Score		

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.84
MG Growth Estimate	9.37%
MG Value	\$77.27
MG Value based on 3% Growth	\$41.14
MG Value based on 0% Growth	\$24.12
Market Implied Growth Rate	6.89%

MG Opinion

Current Price	\$63.19
% of Intrinsic Value	81.78%
Opinion	Fairly Valued
MG Grade	B

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$7.83
Graham Number	\$30.25
PEmg	22.27
Current Ratio	2.32
PB Ratio	5.74
Current Dividend	\$0.84
Dividend Yield	1.33%
Number of Consecutive Years of Dividend Growth	20

Useful Links:

[ModernGraham tagged articles](#)

[Google Finance](#)

[Yahoo Finance](#)

[GuruFocus](#)

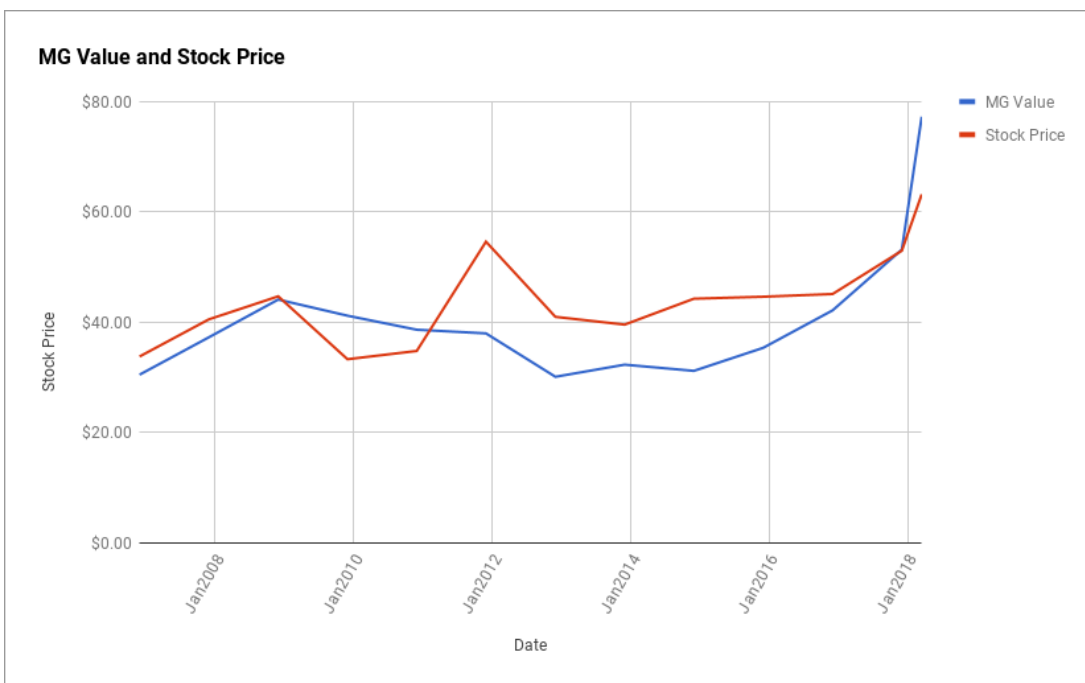
[Morningstar](#)

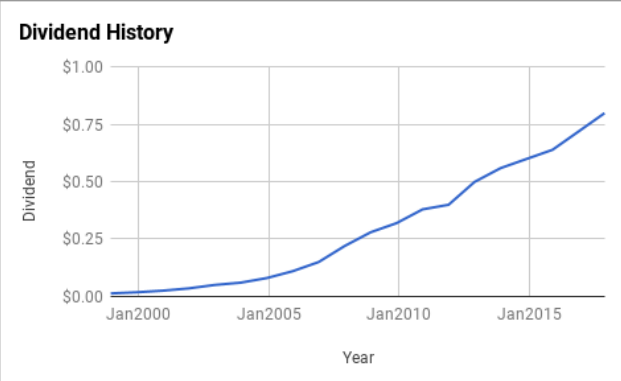
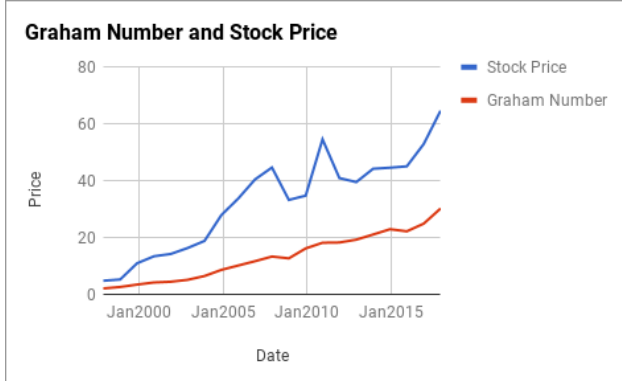
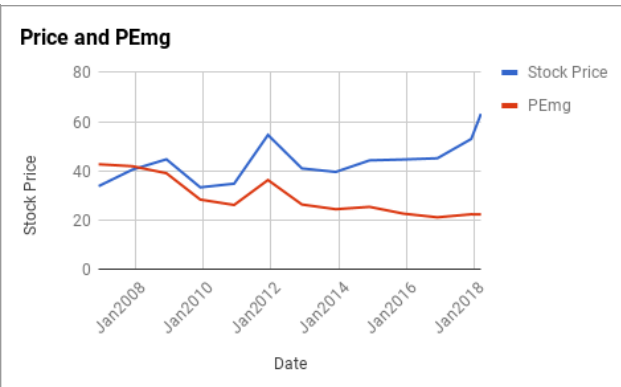
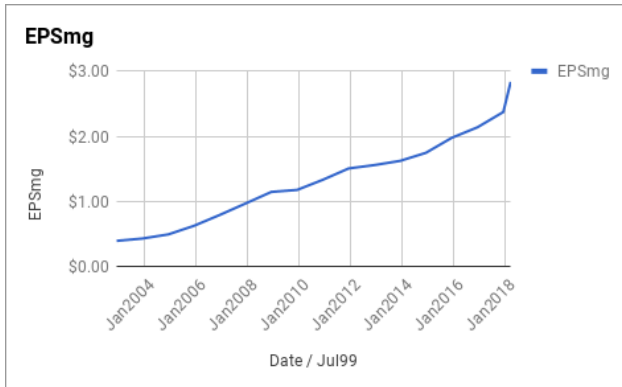
[MSN Money](#)

[Seeking Alpha](#)

[SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.60	Next Fiscal Year Estimate	\$2.84
Dec2017	\$2.69	Dec2017	\$2.37
Dec2016	\$2.36	Dec2016	\$2.14
Dec2015	\$2.40	Dec2015	\$1.98
Dec2014	\$1.92	Dec2014	\$1.75
Dec2013	\$1.68	Dec2013	\$1.62
Dec2012	\$1.57	Dec2012	\$1.56
Dec2011	\$1.79	Dec2011	\$1.51
Dec2010	\$1.59	Dec2010	\$1.33
Dec2009	\$1.11	Dec2009	\$1.18
Dec2008	\$1.37	Dec2008	\$1.15
Dec2007	\$1.21	Dec2007	\$0.97
Dec2006	\$1.06	Dec2006	\$0.79
Dec2005	\$0.86	Dec2005	\$0.62
Dec2004	\$0.59	Dec2004	\$0.49
Dec2003	\$0.46	Dec2003	\$0.43
Dec2002	\$0.44	Dec2002	\$0.39
Dec2001	\$0.45	Balance Sheet Information 12/1/2017	
Dec2000	\$0.38	Total Current Assets	\$2,541,452,000
Dec1999	\$0.28	Total Current Liabilities	\$1,093,119,000
Dec1998	\$0.22	Long-Term Debt	\$0
		Total Assets	\$3,117,008,000
		Intangible Assets	\$7,927,000
		Total Liabilities	\$1,125,150,000
		Shares Outstanding (Diluted Average)	180,811,000





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

- [5 Speculative and Overvalued Companies to Avoid – January 2015](#)
- [Altria Group Inc. Annual Valuation – 2015 \\$MO](#)
- [14 Companies in the Spotlight This Week – 1/25/14](#)
- [Altria Group Inc. \(MO\) Annual Valuation](#)

Other ModernGraham posts about related companies

- [Molson Coors Brewing Co Valuation – Initial Coverage \\$TAP](#)
- [Constellation Brands Inc Valuation – February 2017 \\$STZ](#)
- [Brown-Forman Corporation – February 2017 \\$BF.B](#)
- [Boston Beer Company Inc Valuation – Initial Coverage \\$SAM](#)
- [Constellation Brands Inc Valuation – August 2016 \\$STZ](#)
- [Reynolds American Inc Valuation – July 2016 \\$RAI](#)
- [Philip Morris International Inc Valuation – June 2016 \\$PM](#)
- [Altria Group Inc Valuation – June 2016 \\$MO](#)
- [Constellation Brands Inc Valuation – January 2016 Update \\$STZ](#)
- [Molson Coors Brewing Co. Valuation – November 2015 Update \\$TAP](#)