

ModernGraham Valuation

Company Name:

Company Ticker PM
Date of Analysis

Philip Morris
International Inc.

3/18/2018



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	\$160,697,198,588	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.35	Fail
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	12.41%	Fail
5. Earnings Growth	PEmg < 20	22.74	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	-13.29	Fail
7. Moderate Price to Assets			

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	1.35	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	5.56	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		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.55
MG Growth Estimate	-1.16%
MG Value	\$28.14
MG Value based on 3% Growth	\$65.98
MG Value based on 0% Growth	\$38.68
Market Implied Growth Rate	7.12%

MG Opinion

Current Price	\$103.46
% of Intrinsic Value	367.63%
Opinion	Overvalued
MG Grade	D+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$21.55
Graham Number	\$0.00
PEmg	22.74
Current Ratio	1.35
PB Ratio	-13.29
Current Dividend	\$4.22
Dividend Yield	4.08%
Number of Consecutive Years of Dividend Growth	10

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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
	\$5.14		\$4.55
Dec2017	\$3.88	Dec2017	\$4.36
Dec2016	\$4.48	Dec2016	\$4.67
Dec2015	\$4.42	Dec2015	\$4.81
Dec2014	\$4.76	Dec2014	\$4.93
Dec2013	\$5.26	Dec2013	\$4.84
Dec2012	\$5.17	Dec2012	\$4.45
Dec2011	\$4.85	Dec2011	\$3.94
Dec2010	\$3.92	Dec2010	\$3.41
Dec2009	\$3.24	Dec2009	\$3.10
Dec2008	\$3.31	Dec2008	\$2.94
Dec2007	\$2.86	Dec2007	\$2.53
Dec2006	\$2.91	Dec2006	\$2.08
Dec2005	\$2.69	Dec2005	\$1.42
Dec2003	\$1.95	Dec2003	\$0.65
Dec2002	\$0.00	Dec2002	\$0.00
Dec2001	\$0.00	Dec2001	\$0.00
Dec2000	\$0.00	Balance Sheet Information 12/1/2017	
Dec1999	\$0.00	Total Current Assets	\$21,594,000,000
Dec1998	\$0.00	Total Current Liabilities	\$15,962,000,000
Dec1997	\$0.00	Long-Term Debt	\$31,334,000,000
		Total Assets	\$42,968,000,000
		Intangible Assets	\$10,098,000,000
		Total Liabilities	\$55,054,000,000
		Shares Outstanding (Diluted Average)	1,553,000,000





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.

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