

# ModernGraham Valuation

Company Name:

Praxair, Inc.

Company Ticker PX

Date of Analysis

3/6/2018



## 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  | \$43,990,816,202 | Pass |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2  | 0.99             | 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 | 19.17%           | Fail |
| 5. Earnings Growth                         |  |                  |      |
| 6. Moderate PEmg Ratio                     | PEmg < 20  | 28.47            | Fail |
| 7. Moderate Price to Assets                | PB Ratio < 2.5 OR PB*PEmg < 50   | 7.43             | 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            | 0.99    | Fail |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1              | -353.77 | 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 |         | Fail |
|  | Score                          |         |      |

### Suitability

|                     |           |
|---------------------|-----------|
| <b>Defensive</b>    | <b>No</b> |
| <b>Enterprising</b> | <b>No</b> |

## Stage 2: Determination of Intrinsic Value

|                             |                |
|-----------------------------|----------------|
| EPSmg                       | \$5.40         |
| MG Growth Estimate          | -0.49%         |
| <b>MG Value</b>             | <b>\$40.53</b> |
| MG Value based on 3% Growth | \$78.24        |
| MG Value based on 0% Growth | \$45.87        |
| Market Implied Growth Rate  | 9.99%          |

### MG Opinion

|                      |                   |
|----------------------|-------------------|
| Current Price        | \$153.65          |
| % of Intrinsic Value | 379.12%           |
| <b>Opinion</b>       | <b>Overvalued</b> |
| <b>MG Grade</b>      | <b>C</b>          |

## Stage 3: Information for Further Research

|  |          |
|--|----------|
| Net Current Asset Value (NCAV)                 | -\$38.27 |
| Graham Number                                  | \$54.63  |
| PEmg   | 28.47    |
| Current Ratio                                  | 0.99     |
| PB Ratio                                       | 7.43     |
| Current Dividend                               | \$3.15   |
| Dividend Yield                                 | 2.05%    |
| Number of Consecutive Years of Dividend Growth | 20       |

### Useful Links:

|  |                               |
|--|-------------------------------|
| <a href="#">ModernGraham tagged articles</a> | <a href="#">Morningstar</a>   |
| <a href="#">Google Finance</a>               | <a href="#">MSN Money</a>     |
| <a href="#">Yahoo Finance</a>                | <a href="#">Seeking Alpha</a> |
| <a href="#">GuruFocus</a>                    | <a href="#">SEC Filings</a>   |

| EPS History               |        | EPSmg History                              |                  |
|---------------------------|--------|--|------------------|
| Next Fiscal Year Estimate | \$6.32 | Next Fiscal Year Estimate                  | \$5.40           |
| Dec2017                   | \$4.32 | Dec2017                                    | \$5.05           |
| Dec2016                   | \$5.21 | Dec2016                                    | \$5.47           |
| Dec2015                   | \$5.35 | Dec2015                                    | \$5.60           |
| Dec2014                   | \$5.73 | Dec2014                                    | \$5.58           |
| Dec2013                   | \$5.87 | Dec2013                                    | \$5.32           |
| Dec2012                   | \$5.61 | Dec2012                                    | \$4.88           |
| Dec2011                   | \$5.45 | Dec2011                                    | \$4.39           |
| Dec2010                   | \$3.84 | Dec2010                                    | \$3.79           |
| Dec2009                   | \$4.01 | Dec2009                                    | \$3.62           |
| Dec2008                   | \$3.80 | Dec2008                                    | \$3.27           |
| Dec2007                   | \$3.62 | Dec2007                                    | \$2.84           |
| Dec2006                   | \$3.00 | Dec2006                                    | \$2.33           |
| Dec2005                   | \$2.20 | Dec2005                                    | \$1.90           |
| Dec2004                   | \$2.10 | Dec2004                                    | \$1.67           |
| Dec2003                   | \$1.77 | Dec2003                                    | \$1.42           |
| Dec2002                   | \$1.24 | Dec2002                                    | \$1.25           |
| Dec2001                   | \$1.31 | <b>Balance Sheet Information 12/1/2017</b> |                  |
| Dec2000                   | \$1.13 | Total Current Assets                       | \$3,285,000,000  |
| Dec1999                   | \$1.33 | Total Current Liabilities                  | \$3,307,000,000  |
| Dec1998                   | \$1.30 | Long-Term Debt                             | \$7,783,000,000  |
|                           |        | Total Assets                               | \$20,436,000,000 |
|                           |        | Intangible Assets                          | \$3,786,000,000  |
|                           |        | Total Liabilities                          | \$14,418,000,000 |
|                           |        | Shares Outstanding (Diluted Average)       | 290,884,000      |





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

- [Praxair Inc Valuation – August 2017 \\$PX](#)
- [Praxair Inc Valuation – June 2016 \\$PX](#)
- [Praxair Inc. Annual Valuation – 2015 \\$PX](#)

Other ModernGraham posts about related companies

- [Eastman Chemical Co Valuation – March 2018 \\$EMN](#)
- [LyondellBasell Industries NV Valuation – March 2018 \\$LYB](#)
- [DowDuPont Inc Valuation – February 2018 \\$DWDP](#)
- [Green Plains Inc Valuation – Initial Coverage \\$GPRE](#)
- [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](#)