

ModernGraham Valuation

Company Name:

Arconic Inc

Company Ticker ARNC

Date of Analysis

4/17/2018



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	\$11,466,673,399	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.26	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-6000100.00%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	-86.89	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.33	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	2.26	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.92	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Fail
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	-\$0.27
MG Growth Estimate	-4.25%
MG Value	\$0.00
MG Value based on 3% Growth	-\$3.96
MG Value based on 0% Growth	-\$2.32
Market Implied Growth Rate	-47.70%

MG Opinion

Current Price	\$23.75
% of Intrinsic Value	N/A
Opinion	Overvalued
MG Grade	D

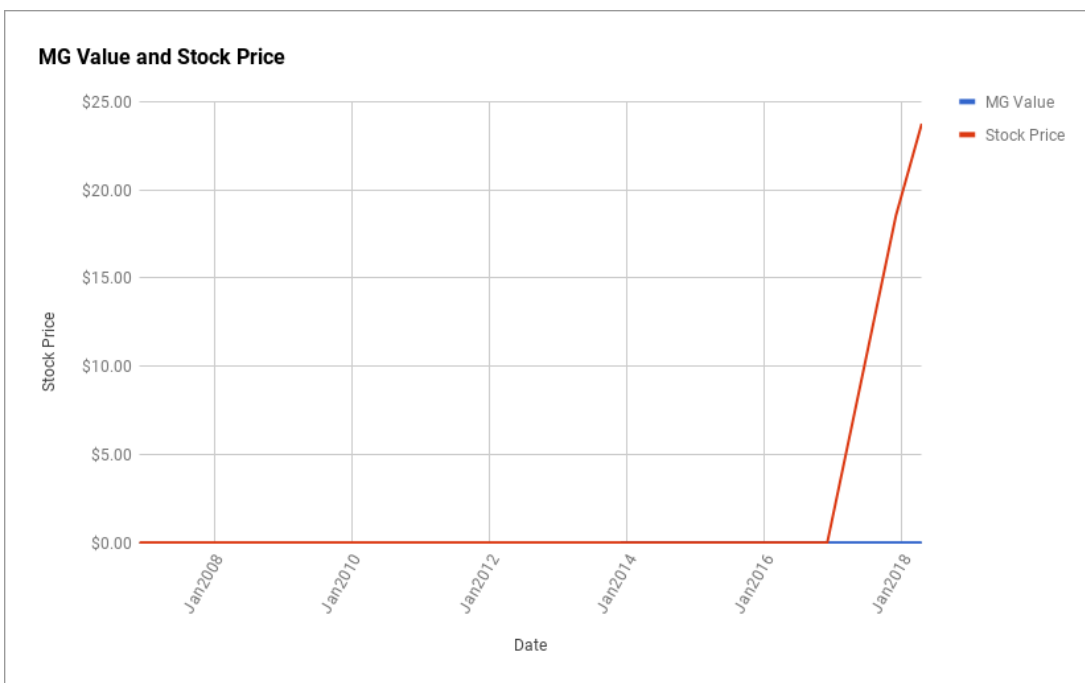
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$15.45
Graham Number	\$13.39
PEmg	-86.89
Current Ratio	2.26
PB Ratio	2.33
Current Dividend	\$0.24
Dividend Yield	1.01%
Number of Consecutive Years of Dividend Growth	2

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	\$0.79	Next Fiscal Year Estimate	-\$0.27
Dec2017	-\$0.28	Dec2017	-\$0.71
Dec2016	-\$2.31	Dec2016	-\$0.77
Dec2015	\$0.00	Dec2015	\$0.00
Dec2014	\$0.00	Dec2014	\$0.00
Dec2013	\$0.00	Dec2013	\$0.00
Dec2012	\$0.00	Dec2012	\$0.00
Dec2011	\$0.00	Dec2011	\$0.00
Dec2010	\$0.00	Dec2010	\$0.00
Dec2009	\$0.00	Dec2009	\$0.00
Dec2008	\$0.00	Dec2008	\$0.00
Dec2007	\$0.00	Dec2007	\$0.00
Dec2006	\$0.00	Dec2006	\$0.00
Dec2005	\$0.00	Dec2005	\$0.00
Dec2004	\$0.00	Dec2004	\$0.00
Dec2003	\$0.00	Dec2003	\$0.00
Dec2002	\$0.00	Dec2002	\$0.00
Dec2001	\$0.00	Balance Sheet Information 12/1/2017	
Dec2000	\$0.00	Total Current Assets	\$6,378,000,000
Dec1999	\$0.00	Total Current Liabilities	\$2,824,000,000
Dec1998	\$0.00	Long-Term Debt	\$6,806,000,000
		Total Assets	\$18,718,000,000
		Intangible Assets	\$5,522,000,000
		Total Liabilities	\$13,808,000,000
		Shares Outstanding (Diluted Average)	481,000,000





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

- [Alcoa Corp Valuation – Initial Coverage \\$AA](#)
- [Alcoa Inc Valuation – July 2016 \\$AA](#)
- [58 Companies in the Spotlight This Week – 1/31/15](#)
- [Alcoa Inc. Annual Valuation – 2015 \\$AA](#)
- [14 Companies in the Spotlight This Week – 1/4/14](#)

Other ModernGraham posts about related companies

- [Vertex Pharmaceuticals Inc Valuation – April 2018 \\$VRTX](#)
- [AmerisourceBergen Corp Valuation – April 2018 \\$ABC](#)
- [Perrigo Company PLC Valuation – April 2018 \\$PRGO](#)
- [AbbVie Inc Valuation – April 2018 \\$ABBV](#)
- [Eli Lilly and Co. Valuation – March 2018 \\$LLY](#)
- [Zoetis Inc Valuation – March 2018 \\$ZTS](#)
- [Gilead Sciences Inc Valuation – March 2018 \\$GILD](#)
- [Pfizer Inc Valuation – February 2018 \\$PFE](#)
- [Merck & Co Inc Valuation – February 2018 \\$MRK](#)
- [Johnson & Johnson Valuation – February 2018 \\$JNJ](#)