

ModernGraham Valuation

Interpublic Group of
Companies Inc



Company Name:

Company Ticker IPG

Date of Analysis

4/16/2018

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	\$9,221,632.723	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.97	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
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	176.97%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	16.50	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.27	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	0.97	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-6.00	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		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.45
MG Growth Estimate	9.47%
MG Value	\$39.70
MG Value based on 3% Growth	\$20.99
MG Value based on 0% Growth	\$12.30
Market Implied Growth Rate	4.00%

MG Opinion

Current Price	\$23.88
% of Intrinsic Value	60.14%
Opinion	Undervalued
MG Grade	C

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$7.70
Graham Number	\$14.47
PEmg	16.50
Current Ratio	0.97
PB Ratio	4.27
Current Dividend	\$0.72
Dividend Yield	3.02%
Number of Consecutive Years of Dividend Growth	5

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	\$1.62	Next Fiscal Year Estimate	\$1.45
Dec2017	\$1.46	Dec2017	\$1.29
Dec2016	\$1.49	Dec2016	\$1.16
Dec2015	\$1.09	Dec2015	\$0.98
Dec2014	\$1.12	Dec2014	\$0.89
Dec2013	\$0.61	Dec2013	\$0.73
Dec2012	\$0.94	Dec2012	\$0.73
Dec2011	\$0.99	Dec2011	\$0.58
Dec2010	\$0.47	Dec2010	\$0.33
Dec2009	\$0.19	Dec2009	\$0.18
Dec2008	\$0.52	Dec2008	\$0.02
Dec2007	\$0.26	Dec2007	-\$0.37
Dec2006	-\$0.19	Dec2006	-\$0.70
Dec2005	-\$0.68	Dec2005	-\$0.97
Dec2004	-\$1.34	Dec2004	-\$0.97
Dec2003	-\$1.40	Dec2003	-\$0.59
Dec2002	\$0.04	Dec2002	-\$0.03
Dec2001	-\$1.65	Balance Sheet Information 12/1/2017	
Dec2000	\$0.89	Total Current Assets	\$7,464,100,000
Dec1999	\$1.11	Total Current Liabilities	\$7,678,200,000
Dec1998	\$1.11	Long-Term Debt	\$1,285,600,000
		Total Assets	\$12,695,200,000
		Intangible Assets	\$3,820,400,000
		Total Liabilities	\$10,494,200,000
		Shares Outstanding (Diluted Average)	393,400,000





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

- [Interpublic Group of Companies Inc Valuation – December 2016 \\$IPG](#)
- [Interpublic Group of Companies Inc Valuation – August 2016 \\$IPG](#)
- [Interpublic Group of Companies Inc. Annual Valuation – 2015 \\$IPG](#)
- [16 Companies in the Spotlight this Week – 4/19/14](#)
- [Interpublic Group of Companies \(IPG\) Annual Valuation – 2014](#)

Other ModernGraham posts about related companies

- [Omnicom Group Inc Valuation – April 2018 \\$OMC](#)
- [Nielsen N.V. Ordinary Shares Valuation – July 2017 \\$NLSN](#)
- [Lamar Advertising Company Valuation – Initial Coverage \\$LAMR](#)
- [Interpublic Group of Companies Inc Valuation – December 2016 \\$IPG](#)
- [Nielsen NV Valuation – August 2016 \\$NLSN](#)
- [Interpublic Group of Companies Inc Valuation – August 2016 \\$IPG](#)
- [Omnicon Group Inc Valuation – July 2016 \\$OMC](#)
- [Nielsen NV Analysis – July 2015 Update \\$NLSN](#)
- [Interpublic Group of Companies Inc. Annual Valuation – 2015 \\$IPG](#)
- [Nielsen N.V. Annual Valuation – 2014 \\$NLSN](#)