

ModernGraham Valuation



Baxter International
Inc

Company Name:

Company Ticker BAX

Date of Analysis

5/9/2018

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	\$37,753,169,007	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.57	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	32.05%	Fail
5. Earnings Growth	PEmg < 20	19.30	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	4.24	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	2.57	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.79	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 Score		Fail

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.59
MG Growth Estimate	-1.56%
MG Value	\$19.31
MG Value based on 3% Growth	\$52.07
MG Value based on 0% Growth	\$30.53
Market Implied Growth Rate	5.40%

MG Opinion

Current Price	\$69.32
% of Intrinsic Value	358.99%
Opinion	Overvalued
MG Grade	C

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$1.30
Graham Number	\$32.11
PEmg	19.30
Current Ratio	2.57
PB Ratio	4.24
Current Dividend	\$0.61
Dividend Yield	0.88%
Number of Consecutive Years of Dividend Growth	1

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	\$2.72	Next Fiscal Year Estimate	\$3.59
Dec2017	\$1.29	Dec2017	\$4.04
Dec2016	\$9.01	Dec2016	\$5.15
Dec2015	\$1.76	Dec2015	\$3.35
Dec2014	\$4.56	Dec2014	\$4.01
Dec2013	\$3.66	Dec2013	\$3.67
Dec2012	\$4.18	Dec2012	\$3.60
Dec2011	\$3.88	Dec2011	\$3.24
Dec2010	\$2.39	Dec2010	\$2.88
Dec2009	\$3.59	Dec2009	\$2.95
Dec2008	\$3.16	Dec2008	\$2.42
Dec2007	\$2.61	Dec2007	\$1.93
Dec2006	\$2.13	Dec2006	\$1.55
Dec2005	\$1.52	Dec2005	\$1.27
Dec2004	\$0.63	Dec2004	\$1.17
Dec2003	\$1.50	Dec2003	\$1.42
Dec2002	\$1.66	Dec2002	\$1.31
Dec2001	\$1.09	Balance Sheet Information 12/1/2017	
Dec2000	\$1.25	Total Current Assets	\$7,263,000,000
Dec1999	\$1.35	Total Current Liabilities	\$2,821,000,000
Dec1998	\$0.55	Long-Term Debt	\$3,509,000,000
		Total Assets	\$17,111,000,000
		Intangible Assets	\$4,473,000,000
		Total Liabilities	\$7,987,000,000
		Shares Outstanding (Diluted Average)	558,000,000





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

- [10 Low PE Stock Picks for the Defensive Investor – August 2017](#)
- [10 Low PE Stock Picks for the Defensive Investor – February 2017](#)
- [10 Undervalued Companies for the Defensive Investor – February 2017](#)
- [10 Stocks for Using A Benjamin Graham Value Investing Strategy – February 2017](#)
- [10 Low PE Stock Picks for the Defensive Investor – January 2017](#)

Other ModernGraham posts about related companies

- [Centene Corp Valuation – May 2018 \\$CNC](#)
- [Abbott Laboratories Valuation – May 2018 \\$ABT](#)
- [Becton Dickinson and Co Valuation – May 2018 \\$BDX](#)
- [IQVIA Holdings Inc Valuation – Initial Coverage May 2018 \\$IQV](#)
- [Thermo Fisher Scientific Inc Valuation – April 2018 \\$TMO](#)
- [Illumina Inc Valuation – April 2018 \\$ILMN](#)
- [Waters Corp Valuation – April 2018 \\$WAT](#)
- [Align Technology Inc Valuation – April 2018 \\$ALGN](#)
- [HCA Healthcare Inc Valuation – April 2018 \\$HCA](#)
- [Express Scripts Holding Co Valuation – April 2018 \\$ESRX](#)