

ModernGraham Valuation

Company Name:

IBM Common Stock

Company Ticker IBM

Date of Analysis

11/17/2018



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	\$110,482,042,902	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.31	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	-11.68%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	11.36	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	5.59	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	1.31	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.15	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

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$10.71
MG Growth Estimate	-2.96%
MG Value	\$27.70
MG Value based on 3% Growth	\$155.24
MG Value based on 0% Growth	\$91.00
Market Implied Growth Rate	1.43%

MG Opinion

Current Price	\$121.57
% of Intrinsic Value	438.89%
Opinion	Overvalued
MG Grade	C

Stage 3: Information for Further Research

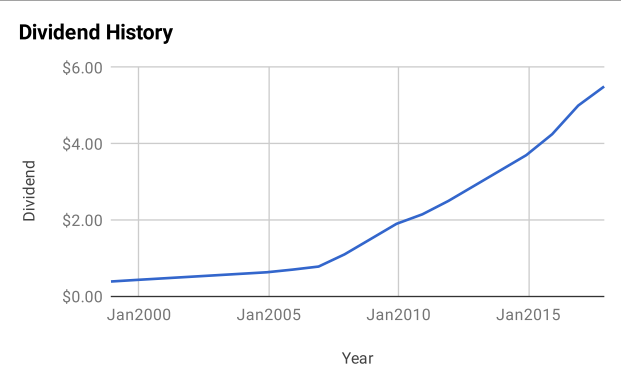
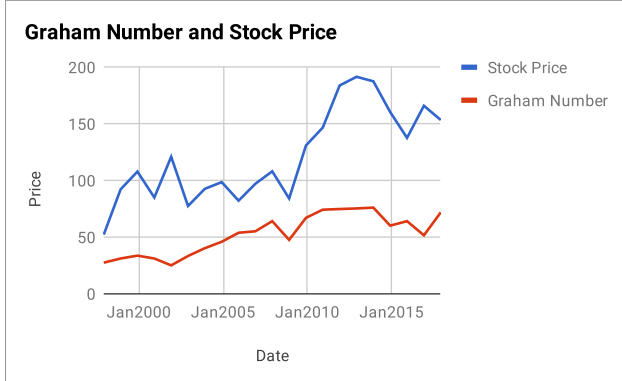
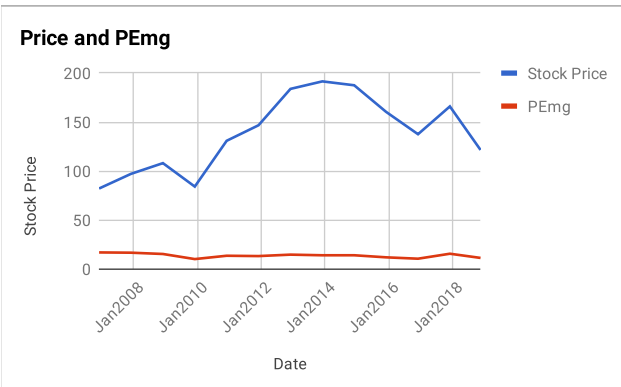
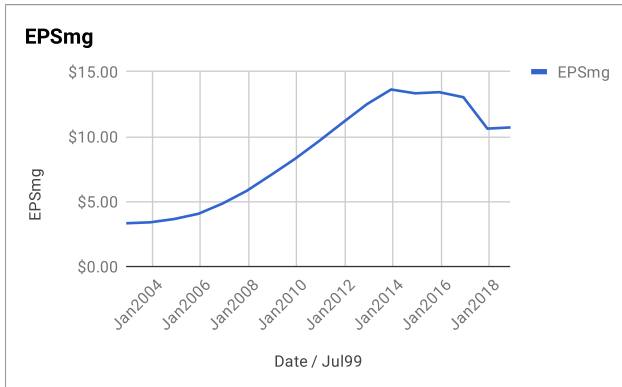
Net Current Asset Value (NCAV)	-\$58.80
Graham Number	\$71.86
PEmg	11.36
Current Ratio	1.31
PB Ratio	5.59
Current Dividend	\$5.90
Dividend Yield	4.85%
Number of Consecutive Years of Dividend Growth	20

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	\$12.03	Next Fiscal Year Estimate	\$10.71
Dec2017	\$6.14	Dec2017	\$10.61
Dec2016	\$12.38	Dec2016	\$13.04
Dec2015	\$13.42	Dec2015	\$13.42
Dec2014	\$11.90	Dec2014	\$13.33
Dec2013	\$14.94	Dec2013	\$13.63
Dec2012	\$14.37	Dec2012	\$12.50
Dec2011	\$13.06	Dec2011	\$11.09
Dec2010	\$11.52	Dec2010	\$9.65
Dec2009	\$10.01	Dec2009	\$8.28
Dec2008	\$8.89	Dec2008	\$7.03
Dec2007	\$7.15	Dec2007	\$5.82
Dec2006	\$6.11	Dec2006	\$4.85
Dec2005	\$4.87	Dec2005	\$4.06
Dec2004	\$4.38	Dec2004	\$3.66
Dec2003	\$3.74	Dec2003	\$3.40
Dec2002	\$2.06	Dec2002	\$3.33
Dec2001	\$3.69	Balance Sheet Information 9/1/2018	
Dec2000	\$4.44	Total Current Assets	\$48,257,000,000
Dec1999	\$4.12	Total Current Liabilities	\$36,822,000,000
Dec1998	\$3.29	Long-Term Debt	\$35,989,000,000
		Total Assets	\$121,990,000,000
		Intangible Assets	\$39,661,000,000
		Total Liabilities	\$102,072,000,000
		Shares Outstanding (Diluted Average)	915,213,000





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**
- [International Business Machines Corp Valuation – February 2018 \\$IBM](#)
 - [International Business Machines Corp Valuation – March 2017 \\$IBM](#)
 - [International Business Machines Corp Valuation – November 2015 Update \\$IBM](#)
 - [30 Companies in the Spotlight This Week – 11/15/14](#)
 - [International Business Machines Annual Valuation – 2014 \\$IBM](#)

- Other ModernGraham posts about related companies**
- [DXC Technology Corp Valuation – November 2018 \\$DXC](#)
 - [Sykes Enterprises Inc Valuation – October 2018 \\$SYKE](#)
 - [Computer Programs and Systems Inc Valuation – August 2018 \\$CPSI](#)
 - [Science Applications International Corp Valuation – July 2018 \\$SAIC](#)
 - [Acxiom Corp Valuation – July 2018 \\$ACXM](#)
 - [Infosys Ltd Valuation – June 2018 \\$INFY](#)
 - [Verisign Inc Valuation – May 2018 \\$VRSN](#)
 - [Motorola Solutions Inc Valuation – May 2018 \\$MSI](#)
 - [Leidos Holdings Inc Valuation – April 2018 \\$LDOS](#)
 - [Gartner Inc Valuation – March 2018 \\$IT](#)