

ModernGraham Valuation

Company Name:

Company Ticker EMN

Date of Analysis

1/3/2019

Eastman Chemical
Company



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	\$10,141,841,383	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.69	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	188.41%	Pass
5. Earnings Growth	PEmg < 20	9.42	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.72	Pass
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	1.69	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.95	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	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$7.69
MG Growth Estimate	7.98%
MG Value	\$188.07
MG Value based on 3% Growth	\$111.52
MG Value based on 0% Growth	\$65.38
Market Implied Growth Rate	0.46%

MG Opinion

Current Price	\$72.42
% of Intrinsic Value	38.51%
Opinion	Undervalued
MG Grade	A

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$47.19
Graham Number	\$86.45
PEmg	9.42
Current Ratio	1.69
PB Ratio	1.72
Current Dividend	\$2.09
Dividend Yield	2.89%
Number of Consecutive Years of Dividend Growth	8

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$8.79	Next Fiscal Year Estimate	\$7.69
Dec2017	\$9.47	Dec2017	\$6.98
Dec2016	\$5.75	Dec2016	\$5.61
Dec2015	\$5.66	Dec2015	\$5.39
Dec2014	\$4.97	Dec2014	\$5.02
Dec2013	\$7.44	Dec2013	\$4.61
Dec2012	\$2.93	Dec2012	\$3.03
Dec2011	\$4.52	Dec2011	\$2.88
Dec2010	\$2.88	Dec2010	\$2.06
Dec2009	\$0.93	Dec2009	\$1.83
Dec2008	\$2.28	Dec2008	\$2.25
Dec2007	\$1.79	Dec2007	\$1.96
Dec2006	\$2.46	Dec2006	\$1.74
Dec2005	\$3.41	Dec2005	\$1.05
Dec2004	\$1.09	Dec2004	-\$0.05
Dec2003	-\$1.75	Dec2003	-\$0.42
Dec2002	\$0.40	Dec2002	\$0.37
Dec2001	-\$1.14	Balance Sheet Information 9/1/2018	
Dec2000	\$1.97	Total Current Assets	\$3,647,000,000
Dec1999	\$0.31	Total Current Liabilities	\$2,153,000,000
Dec1998	\$1.57	Long-Term Debt	\$5,898,000,000
		Total Assets	\$16,362,000,000
		Intangible Assets	\$6,740,000,000
		Total Liabilities	\$10,367,000,000
		Shares Outstanding (Diluted Average)	142,400,000





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

- [10 Low PE Stock Picks for the Defensive Investor – March 2018](#)
- [5 Great Stocks This Week – 3/5/18](#)
- [Eastman Chemical Co Valuation – March 2018 \\$EMN](#)
- [10 Low PE Stock Picks for the Defensive Investor – February 2017](#)
- [10 Undervalued Companies for the Defensive Investor – February 2017](#)

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- [DowDuPont Inc Valuation – November 2018 \\$DWD](#)
- [Chemtrade Logistics Income Fund Valuation – July 2018 \\$TSE:CHE.UN](#)
- [PPG Industries Inc Valuation – May 2018 \\$PPG](#)
- [Innospec Inc Valuation – April 2018 \\$IOSP](#)
- [Innophos Holdings Inc Valuation – March 2018 \\$IPHS](#)
- [Olin Corp Valuation – March 2018 \\$OLN](#)
- [A Schulman Inc Valuation – March 2018 \\$SHLM](#)
- [FMC Corp Valuation – March 2018 \\$FMC](#)
- [Compass Minerals International Inc Valuation – March 2018 \\$CMP](#)
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