

ModernGraham Valuation

Company Name:

Altria Group Inc

Company Ticker MO

Date of Analysis

1/14/2019



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	\$90,682,708,546	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.60	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	227.13%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	10.25	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	5.86	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	0.60	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-3.42	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		Pass
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.71
MG Growth Estimate	15.00%
MG Value	\$181.28
MG Value based on 3% Growth	\$68.28
MG Value based on 0% Growth	\$40.02
Market Implied Growth Rate	0.87%

MG Opinion

Current Price	\$48.26
% of Intrinsic Value	26.62%
Opinion	Undervalued
MG Grade	C

Stage 3: Information for Further Research

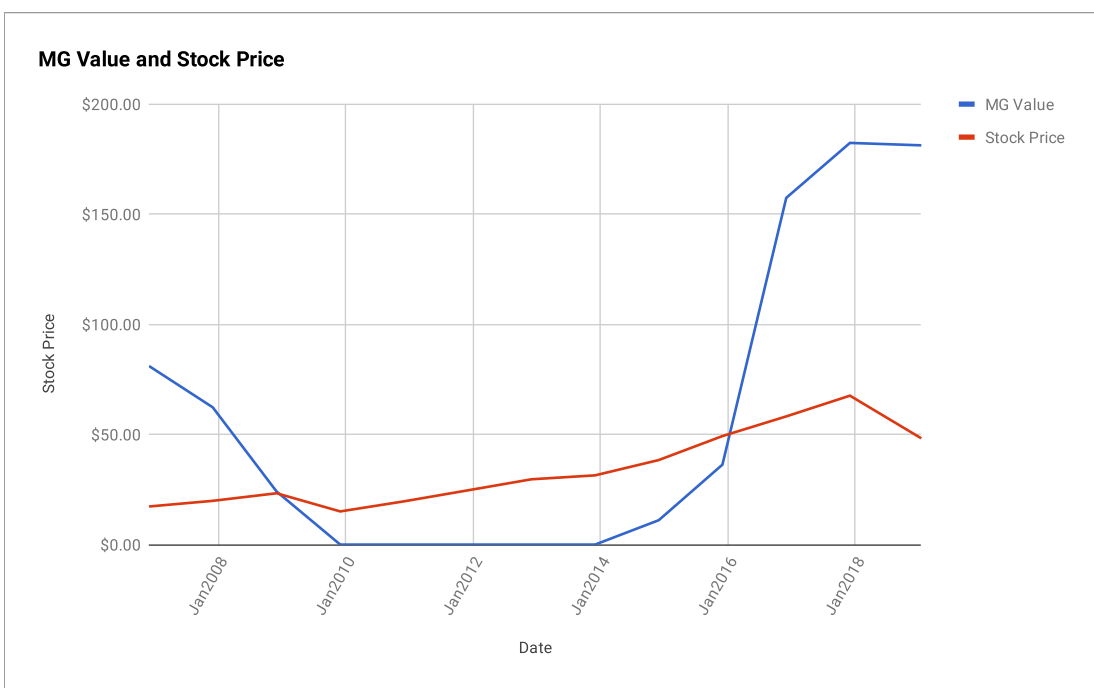
Net Current Asset Value (NCAV)	-\$12.37
Graham Number	\$26.74
PEmg	10.25
Current Ratio	0.60
PB Ratio	5.86
Current Dividend	\$2.54
Dividend Yield	5.26%
Number of Consecutive Years of Dividend Growth	8

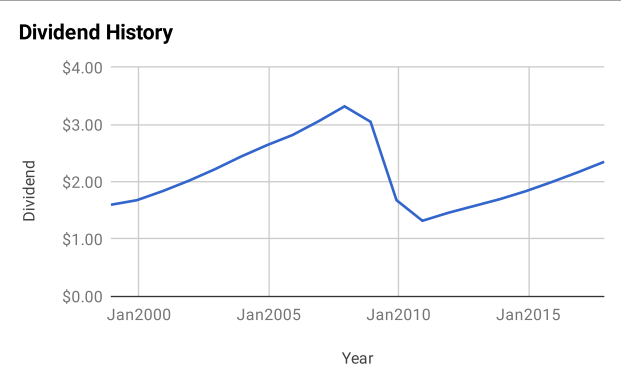
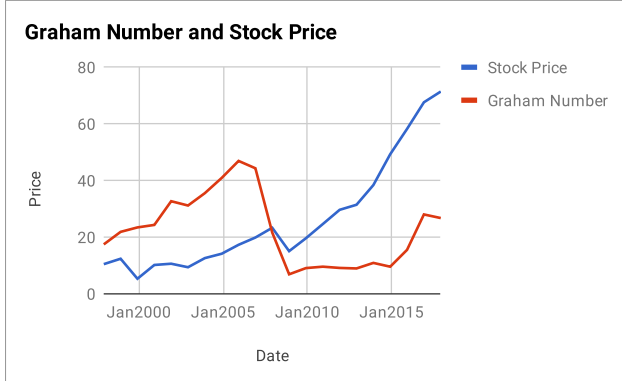
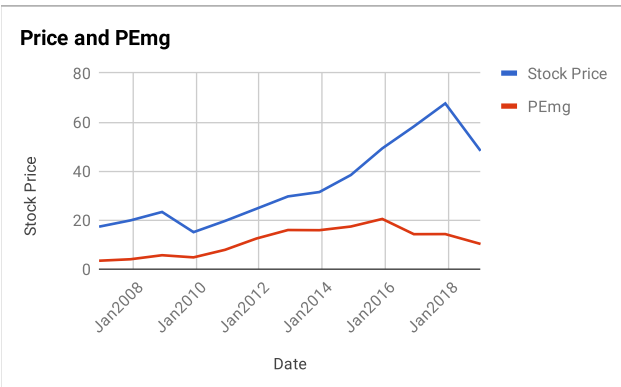
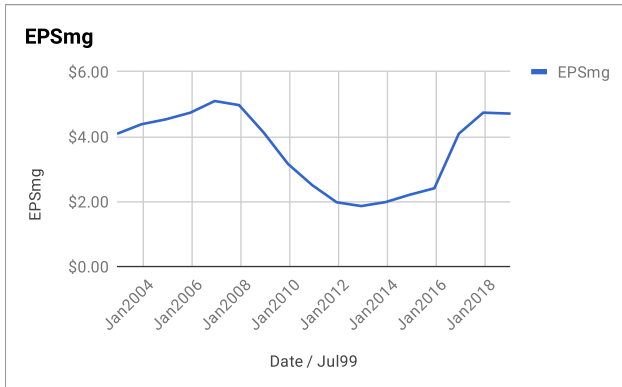
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.93	Next Fiscal Year Estimate	\$4.71
Dec2017	\$5.31	Dec2017	\$4.74
Dec2016	\$7.28	Dec2016	\$4.09
Dec2015	\$2.67	Dec2015	\$2.41
Dec2014	\$2.56	Dec2014	\$2.21
Dec2013	\$2.26	Dec2013	\$1.98
Dec2012	\$2.06	Dec2012	\$1.86
Dec2011	\$1.64	Dec2011	\$1.98
Dec2010	\$1.87	Dec2010	\$2.50
Dec2009	\$1.54	Dec2009	\$3.16
Dec2008	\$2.36	Dec2008	\$4.13
Dec2007	\$4.62	Dec2007	\$4.97
Dec2006	\$5.71	Dec2006	\$5.10
Dec2005	\$4.99	Dec2005	\$4.74
Dec2004	\$4.56	Dec2004	\$4.53
Dec2003	\$4.52	Dec2003	\$4.38
Dec2002	\$5.21	Dec2002	\$4.09
Dec2001	\$3.87	Balance Sheet Information	
Dec2000	\$3.73	9/1/2018	
Dec1999	\$3.19	Total Current Assets	\$5,165,000,000
Dec1998	\$2.20	Total Current Liabilities	\$8,646,000,000
		Long-Term Debt	\$11,896,000,000
		Total Assets	\$43,953,000,000
		Intangible Assets	\$17,692,000,000
		Total Liabilities	\$28,457,000,000
		Shares Outstanding (Diluted Average)	1,883,000,000





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**
- [Altria Group Inc Valuation – March 2018 \\$MO](#)
 - [Altria Group Inc Valuation – June 2016 \\$MO](#)
 - [5 Speculative and Overvalued Companies to Avoid – January 2015](#)
 - [Altria Group Inc. Annual Valuation – 2015 \\$MO](#)
 - [14 Companies in the Spotlight This Week – 1/25/14](#)

- Other ModernGraham posts about related companies**
- [Molson Coors Brewing Co Valuation – January 2019 \\$TAP](#)
 - [Boston Beer Company Inc Valuation – July 2018 \\$SAM](#)
 - [Constellation Brands Inc Valuation – May 2018 \\$STZ](#)
 - [Brown-Forman Corp Valuation – May 2018 \\$BF.B](#)
 - [Philip Morris International Inc Valuation – March 2018 \\$PM](#)
 - [Altria Group Inc Valuation – March 2018 \\$MO](#)
 - [Molson Coors Brewing Co Valuation – March 2018 \\$TAP](#)
 - [Molson Coors Brewing Co Valuation – Initial Coverage \\$TAP](#)
 - [Constellation Brands Inc Valuation – February 2017 \\$STZ](#)
 - [Brown-Forman Corporation – February 2017 \\$BF.B](#)