

ModernGraham Valuation

Company Name:

Arconic Inc

Company Ticker ARNC

Date of Analysis

2/16/2019



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	\$8,481,400,416	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.87	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	85666566.67%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	35.15	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.58	Pass

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	1.87	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.93	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
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	\$0.50
MG Growth Estimate	15.00%
MG Value	\$19.22
MG Value based on 3% Growth	\$7.24
MG Value based on 0% Growth	\$4.24
Market Implied Growth Rate	13.32%

MG Opinion

Current Price	\$17.55
% of Intrinsic Value	91.29%
Opinion	Fairly Valued
MG Grade	C-

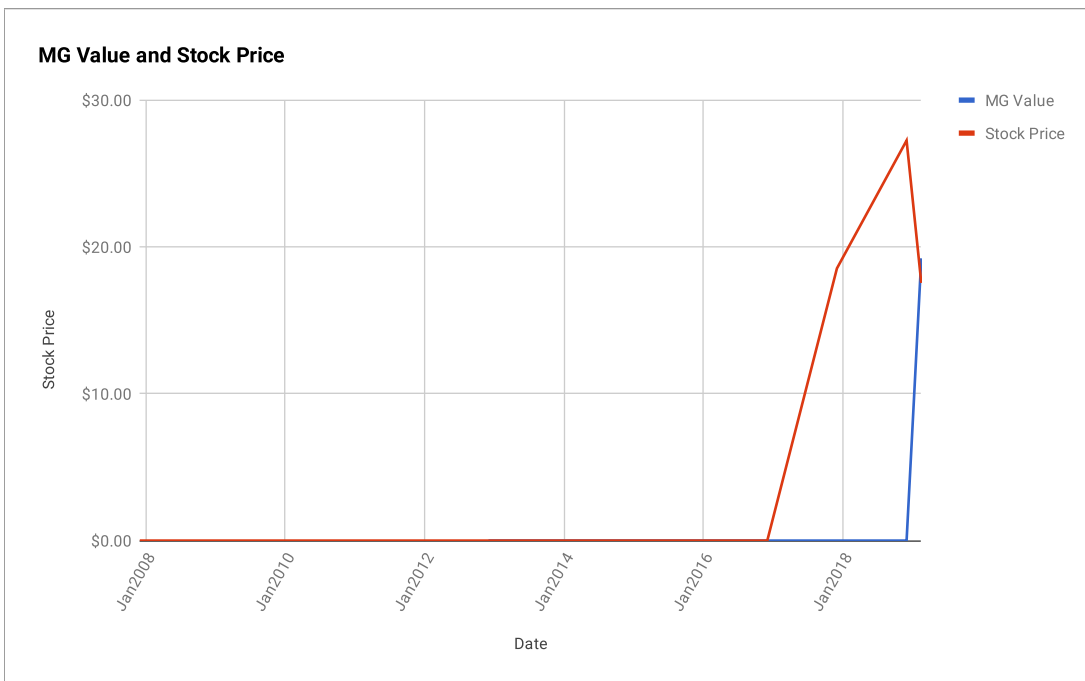
Stage 3: Information for Further Research

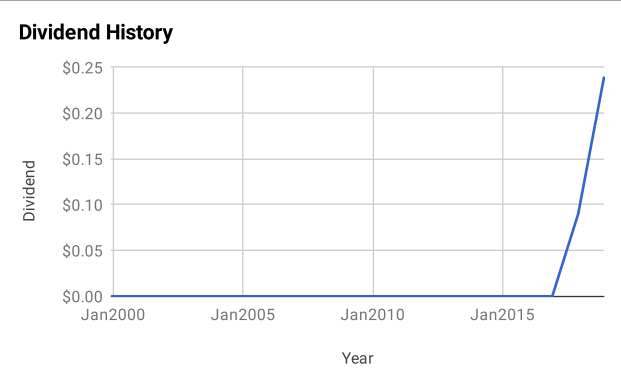
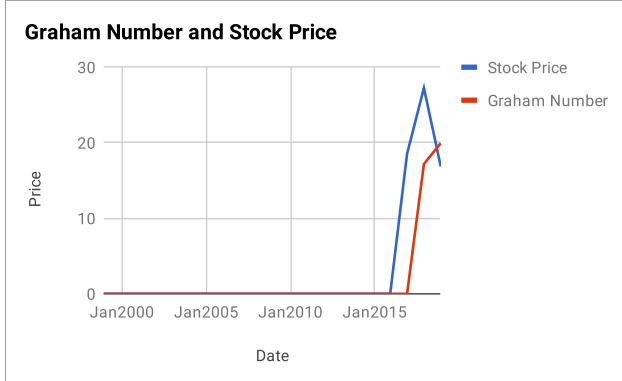
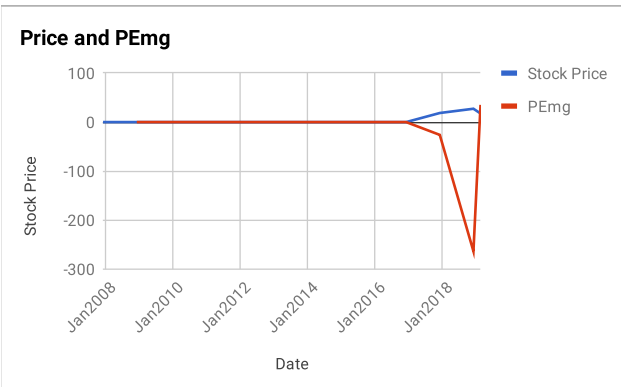
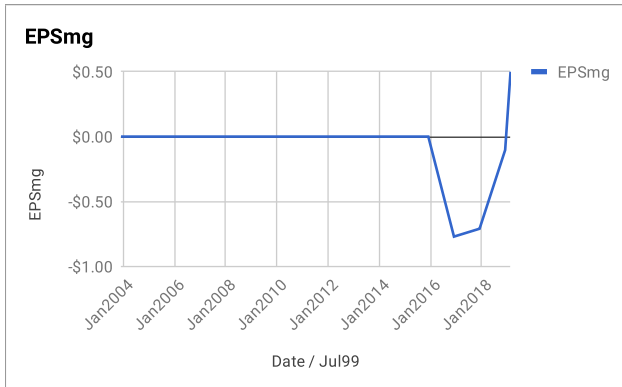
Net Current Asset Value (NCAV)	-\$12.98
Graham Number	\$19.96
PEmg	35.15
Current Ratio	1.87
PB Ratio	1.58
Current Dividend	\$0.24
Dividend Yield	1.37%
Number of Consecutive Years of Dividend Growth	3

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	\$1.55	Next Fiscal Year Estimate	\$0.50
Dec2018	\$1.30	Dec2018	-\$0.10
Dec2017	-\$0.28	Dec2017	-\$0.71
Dec2016	-\$2.31	Dec2016	-\$0.77
Dec2015	\$0.00	Dec2015	\$0.00
Dec2014	\$0.00	Dec2014	\$0.00
Dec2013	\$0.00	Dec2013	\$0.00
Dec2012	\$0.00	Dec2012	\$0.00
Dec2011	\$0.00	Dec2011	\$0.00
Dec2010	\$0.00	Dec2010	\$0.00
Dec2009	\$0.00	Dec2009	\$0.00
Dec2008	\$0.00	Dec2008	\$0.00
Dec2007	\$0.00	Dec2007	\$0.00
Dec2006	\$0.00	Dec2006	\$0.00
Dec2005	\$0.00	Dec2005	\$0.00
Dec2004	\$0.00	Dec2004	\$0.00
Dec2003	\$0.00	Dec2003	\$0.00
Dec2002	\$0.00	Balance Sheet Information 12/1/2018	
Dec2001	\$0.00	Total Current Assets	\$6,581,000,000
Dec2000	\$0.00	Total Current Liabilities	\$3,520,000,000
Dec1999	\$0.00	Long-Term Debt	\$5,896,000,000
		Total Assets	\$18,693,000,000
		Intangible Assets	\$5,419,000,000
		Total Liabilities	\$13,108,000,000
		Shares Outstanding (Diluted Average)	503,019,000





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 [Arconic Inc Valuation – April 2018 \\$ARNC](#)

Other ModernGraham posts about related companies

- [Roper Technologies Inc Valuation – February 2019 \\$ROP](#)
- [Rockwell Automation Inc Valuation – February 2019 \\$ROK](#)
- [Eaton Corp PLC Valuation – January 2019 \\$ETN](#)
- [Fastenal Co Valuation – January 2019 \\$FAST](#)
- [Deere & Co Valuation – January 2019 \\$DE](#)
- [A.O. Smith Corp Valuation – January 2019 \\$AOS](#)
- [Parker-Hannifin Corp Valuation – January 2019 \\$PH](#)
- [Dover Corp Valuation – January 2019 \\$DOV](#)
- [Caterpillar Inc Valuation – November 2018 \\$CAT](#)
- [Lindsay Corp Valuation – October 2018 \\$LNN](#)