

ModernGraham Valuation

Baxter International
Inc



Company Name:

Company Ticker BAX

Date of Analysis

3/1/2019

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	\$38,937,512,485	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.09	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-29.57%	Fail
6. Moderate PEmg Ratio	PEmg < 20	22.33	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	5.25	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	2.09	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.13	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	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.40
MG Growth Estimate	0.23%
MG Value	\$30.48
MG Value based on 3% Growth	\$49.33
MG Value based on 0% Growth	\$28.92
Market Implied Growth Rate	6.92%

MG Opinion

Current Price	\$75.97
% of Intrinsic Value	249.24%
Opinion	Overvalued
MG Grade	C

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$3.53
Graham Number	\$31.96
PEmg	22.33
Current Ratio	2.09
PB Ratio	5.25
Current Dividend	\$0.73
Dividend Yield	0.96%
Number of Consecutive Years of Dividend Growth	2

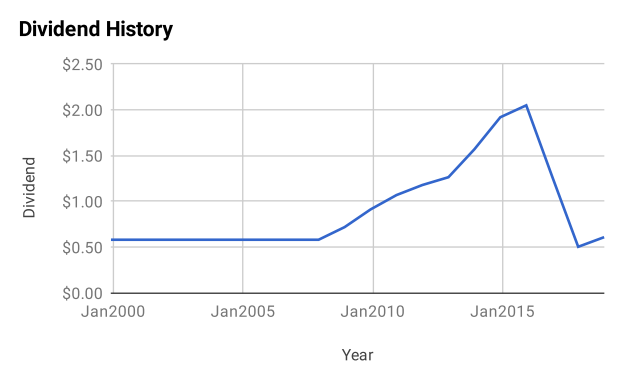
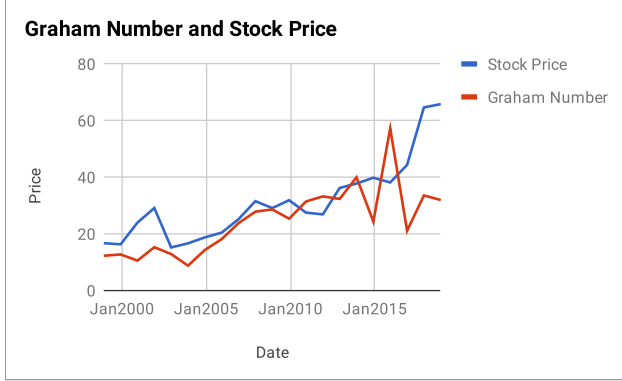
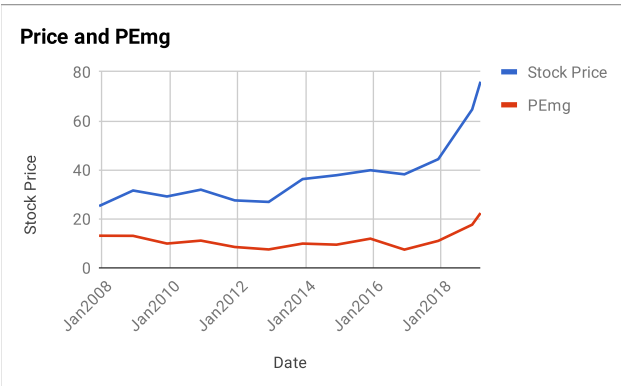
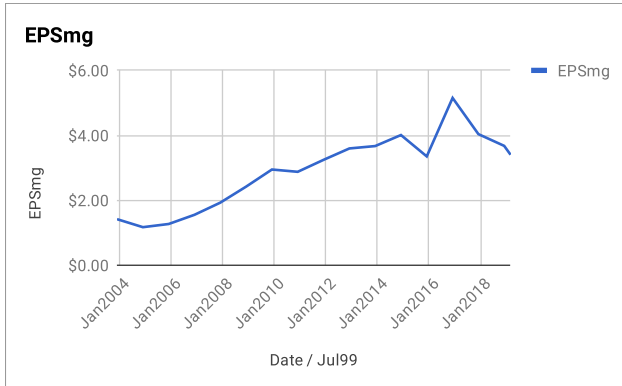
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.10	Next Fiscal Year Estimate	\$3.40
Dec2018	\$2.97	Dec2018	\$3.67
Dec2017	\$1.29	Dec2017	\$4.04
Dec2016	\$9.01	Dec2016	\$5.15
Dec2015	\$1.76	Dec2015	\$3.35
Dec2014	\$4.56	Dec2014	\$4.01
Dec2013	\$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	Balance Sheet Information 12/1/2018	
Dec2001	\$1.09	Total Current Assets	\$5,919,000,000
Dec2000	\$1.25	Total Current Liabilities	\$2,836,000,000
Dec1999	\$1.35	Long-Term Debt	\$3,473,000,000
		Total Assets	\$15,641,000,000
		Intangible Assets	\$4,356,000,000
		Total Liabilities	\$7,825,000,000
		Shares Outstanding (Diluted Average)	540,000,000





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**
- [Baxter International Inc Valuation – May 2018 \\$BAX](#)
 - [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](#)

- Other ModernGraham posts about related companies**
- [Centene Corp Valuation – March 2019 \\$CNC](#)
 - [Abbott Laboratories Valuation – February 2019 \\$ABT](#)
 - [Becton Dickinson and Co Valuation – February 2019 \\$BDX](#)
 - [IQVIA Holdings Inc Valuation – February 2019 \\$IQV](#)
 - [Thermo Fisher Scientific Inc Valuation – February 2019 \\$TMO](#)
 - [Illumina Inc Valuation – February 2019 \\$ILMN](#)
 - [Waters Corp Valuation – February 2019 \\$WAT](#)
 - [Cerner Corp Valuation – February 2019 \\$CERN](#)
 - [HCA Healthcare Inc Valuation – February 2019 \\$HCA](#)
 - [Stryker Corp Valuation – February 2019 \\$SYK](#)