

ModernGraham Valuation

Company Name:

IBM Common Stock

Company Ticker IBM

Date of Analysis

4/8/2019



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	\$127,277,532,893	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.29	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	-24.36%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	13.11	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	7.65	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	1.29	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.26	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	\$10.91
MG Growth Estimate	-2.80%
MG Value	\$31.55
MG Value based on 3% Growth	\$158.22
MG Value based on 0% Growth	\$92.75
Market Implied Growth Rate	2.30%

MG Opinion

Current Price	\$143.03
% of Intrinsic Value	453.39%
Opinion	Overvalued
MG Grade	C

Stage 3: Information for Further Research

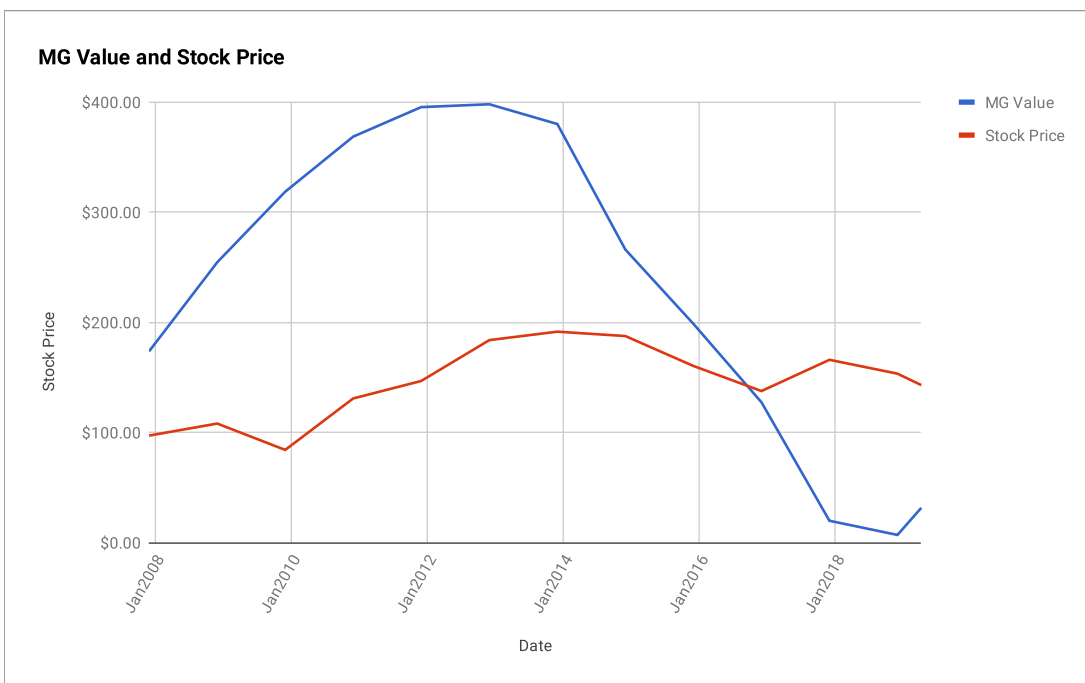
Net Current Asset Value (NCAV)	-\$63.31
Graham Number	\$75.75
PEmg	13.11
Current Ratio	1.29
PB Ratio	7.65
Current Dividend	\$6.21
Dividend Yield	4.34%
Number of Consecutive Years of Dividend Growth	20

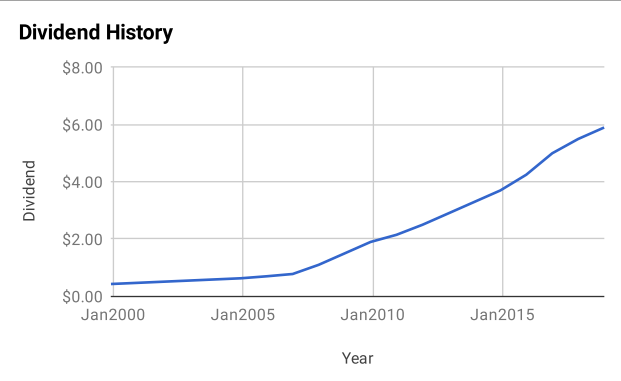
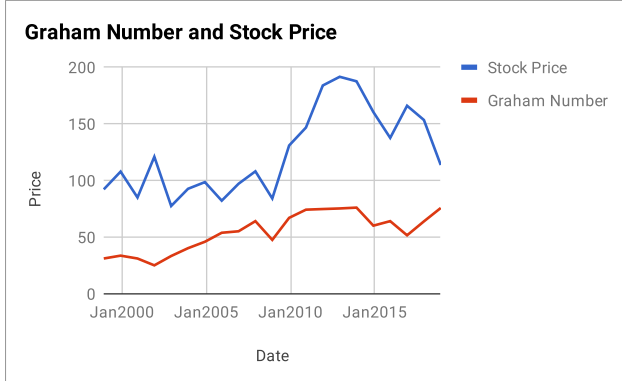
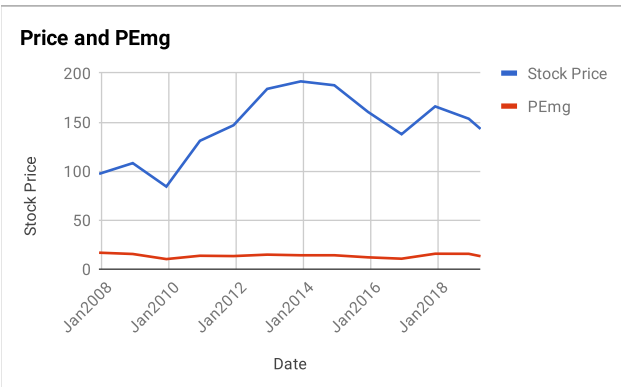
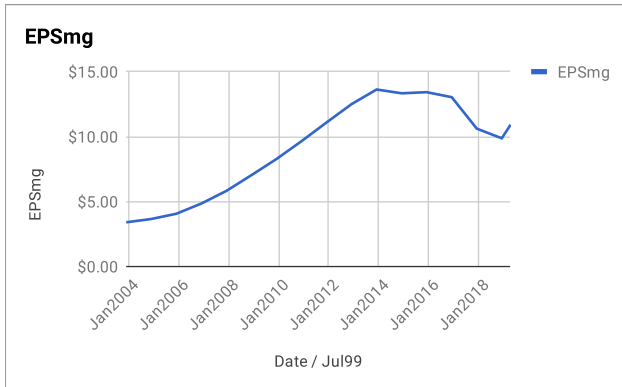
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$13.80	Next Fiscal Year Estimate	\$10.91
Dec2018	\$9.52	Dec2018	\$9.87
Dec2017	\$6.14	Dec2017	\$10.61
Dec2016	\$12.38	Dec2016	\$13.04
Dec2015	\$13.42	Dec2015	\$13.42
Dec2014	\$11.90	Dec2014	\$13.33
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	Balance Sheet Information	12/1/2018
Dec2001	\$3.69	Total Current Assets	\$49,146,000,000
Dec2000	\$4.44	Total Current Liabilities	\$38,227,000,000
Dec1999	\$4.12	Long-Term Debt	\$35,605,000,000
		Total Assets	\$123,382,000,000
		Intangible Assets	\$39,353,000,000
		Total Liabilities	\$106,453,000,000
		Shares Outstanding (Diluted Average)	905,242,000





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 – November 2018 \\$IBM](#)
 - [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](#)

- Other ModernGraham posts about related companies**
- [DXC Technology Co Valuation – April 2019 #DXC](#)
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 - [Motorola Solutions Inc Valuation – February 2019 \\$MSI](#)
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 - [Cognizant Technology Solutions Corp Valuation – January 2019 \\$CTSH](#)
 - [International Business Machines Corp Valuation – November 2018 \\$IBM](#)
 - [DXC Technology Corp Valuation – November 2018 \\$DXC](#)
 - [Sykes Enterprises Inc Valuation – October 2018 \\$SYKE](#)
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