

Altria

NYSE: MO

Altria Group, Inc

# Fundamental Analysis



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# Introduction

GICS Sector: Consumer Defensive

Sub-Industry: Tobacco



CEO: Billy Gifford

Tenure: 3.7 years

Altria Group, Inc.'s management team has an average tenure of **3.7 years**. It is considered experienced.

Source of revenue:

- Altria Group, Inc., through its subsidiaries, manufactures and sells smokeable and oral tobacco products in the United States.
- Altria's wholly owned subsidiaries include Philip Morris USA Inc., John Middleton Co., UST LLC, Helix Innovations LLC and Philip Morris Capital Corporation.
- The company has two main reportable segments: Smokeable products, and oral tobacco products.
- The company provides cigarettes primarily under the Marlboro brand; cigars and pipe tobacco principally under the Black & Mild brand; and moist smokeless tobacco products under the Copenhagen, Skoal, Red Seal, and Husky brands, as well as provides on! oral nicotine pouches.
- Please visit my website to understand the different segments.



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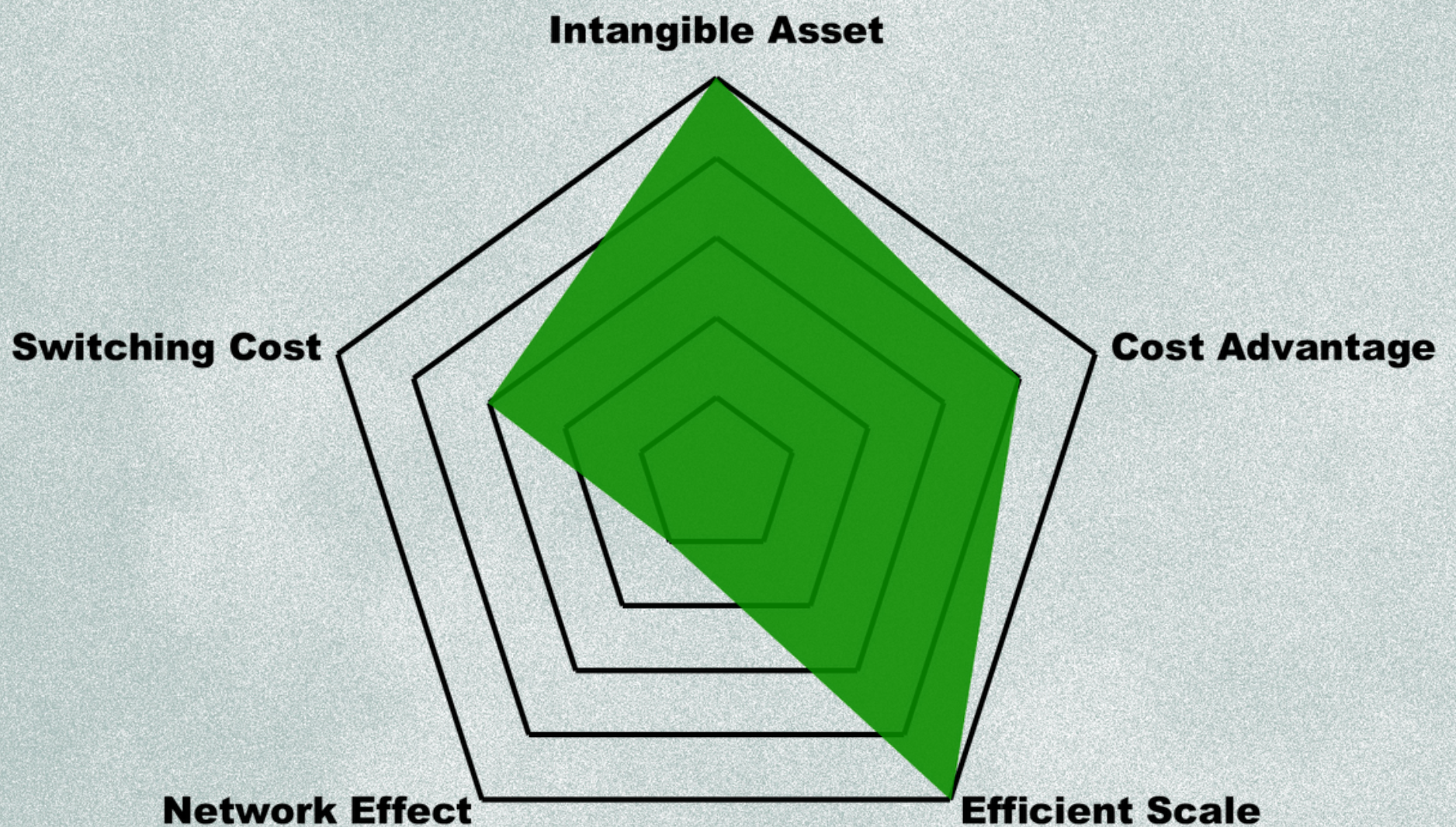
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# Economic Moat



Economic moat: **Narrow**

There are many ways to identify a company's economic moat, but I focus on the above 5 types. The rating is purely subjective, and it is based on my in-depth understanding and analysis of the company.



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# Performance

	Yes	Inconsistent	No
Revenue growing YoY for the past 5 years consistently?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Net income growing YoY for the past 5 years consistently?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Cash flow from operating activities growing YoY for the past 5 years consistently?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Free cash flow is positive for the past 5 years?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gross margin % is consistent/growing for the past 5 years?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
EPS growing for the past 5 years?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>







# Management Effectiveness

Yes

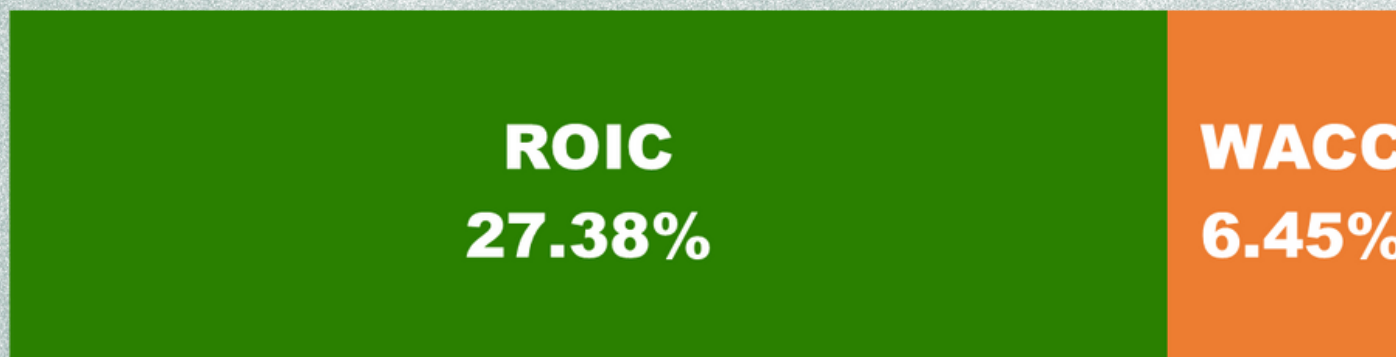
Inconsistent

No

ROE is consistently at 12%-15%  
YoY for the past 5 years?

Altria Group's liabilities exceed its assets, so it is difficult to calculate its ROE.

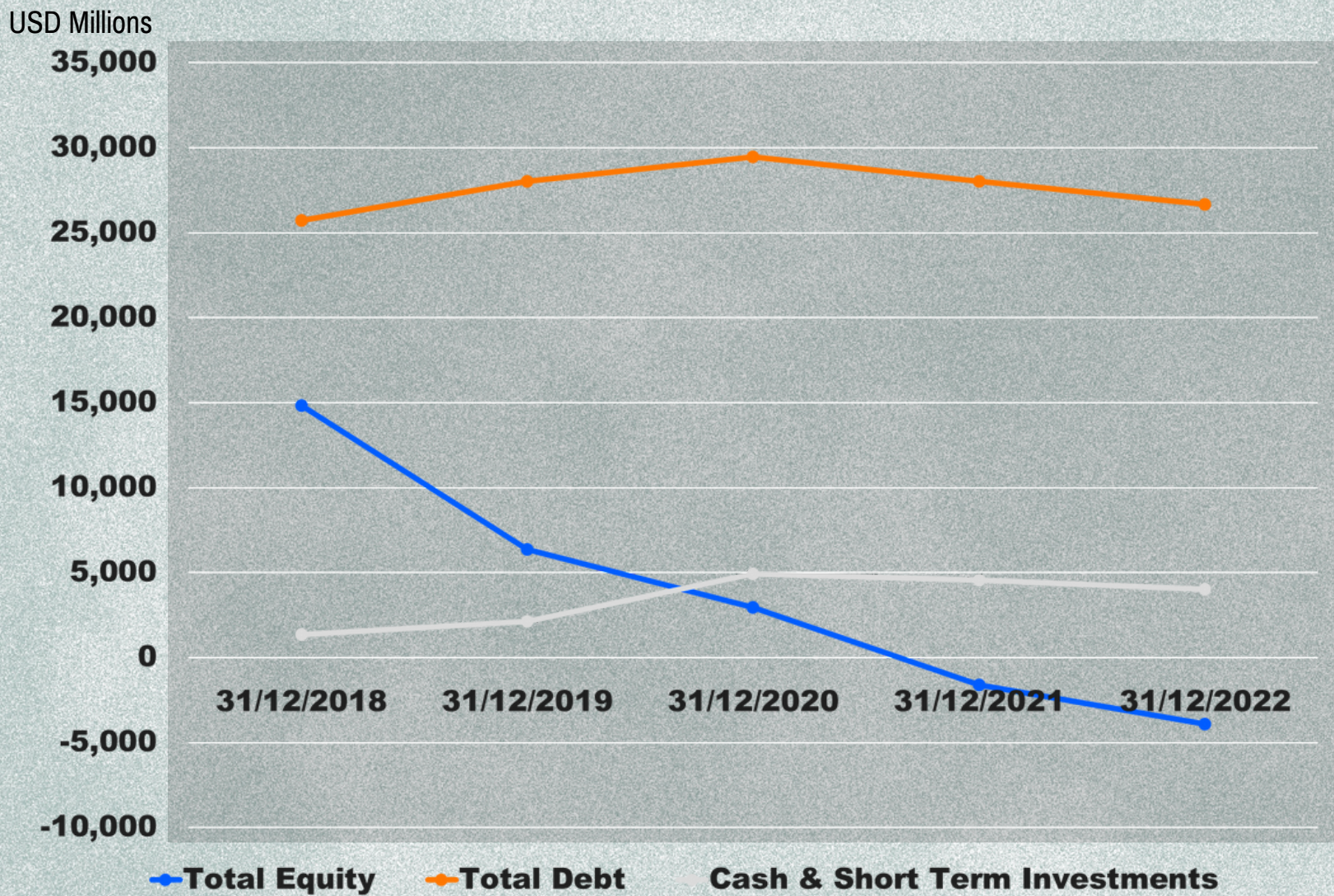
ROIC is consistently at 12%-15%  
YoY for the past 5 years?







# Financial Health



Current Ratio: 0.3



Debt-to-EBITDA: 2.1



Interest Coverage: 10.9



Debt Servicing Ratio: 12.1%



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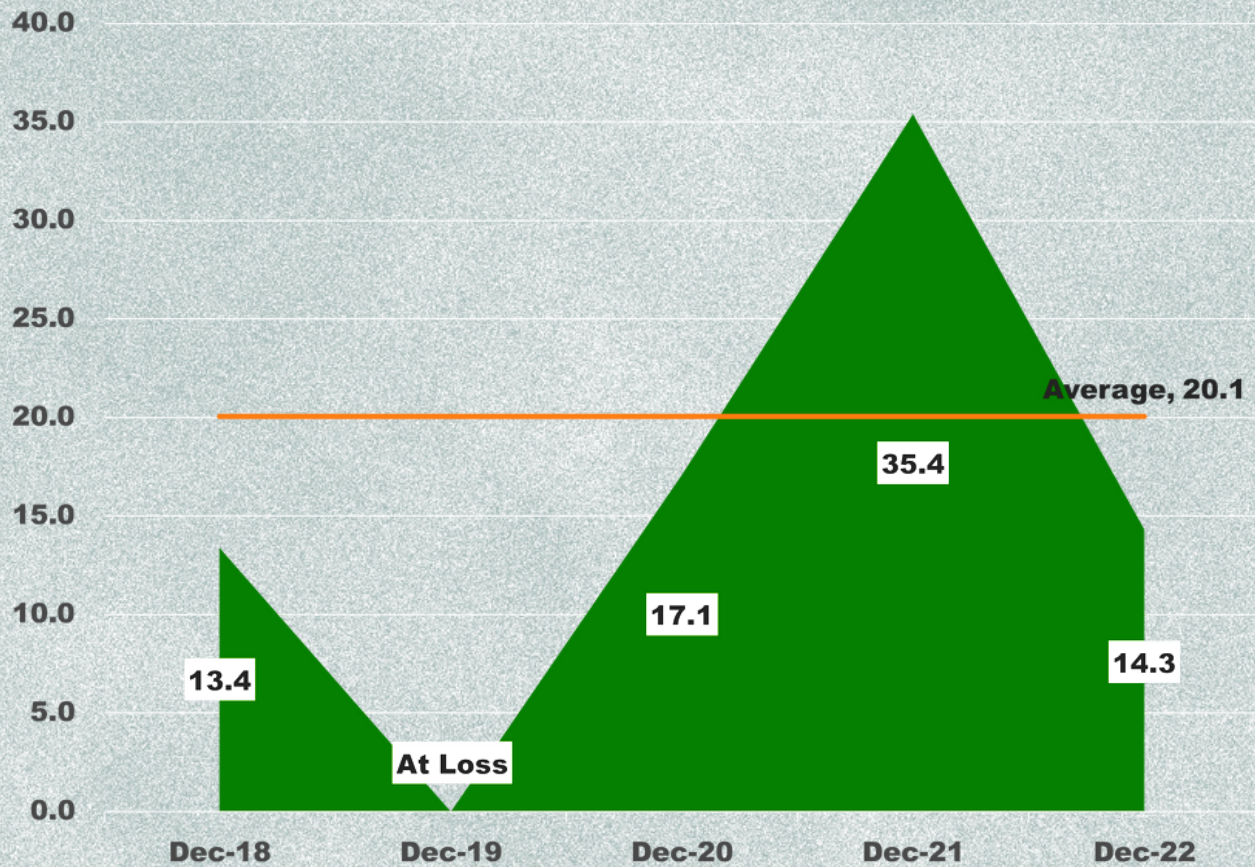
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# Relative Valuation



Historical Price-to-earnings



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# Intrinsic Valuation

Estimated intrinsic value: **\$69.42**

Value is calculated using discounted cash flow method (taking into account their cash and debt) and scenario planning.

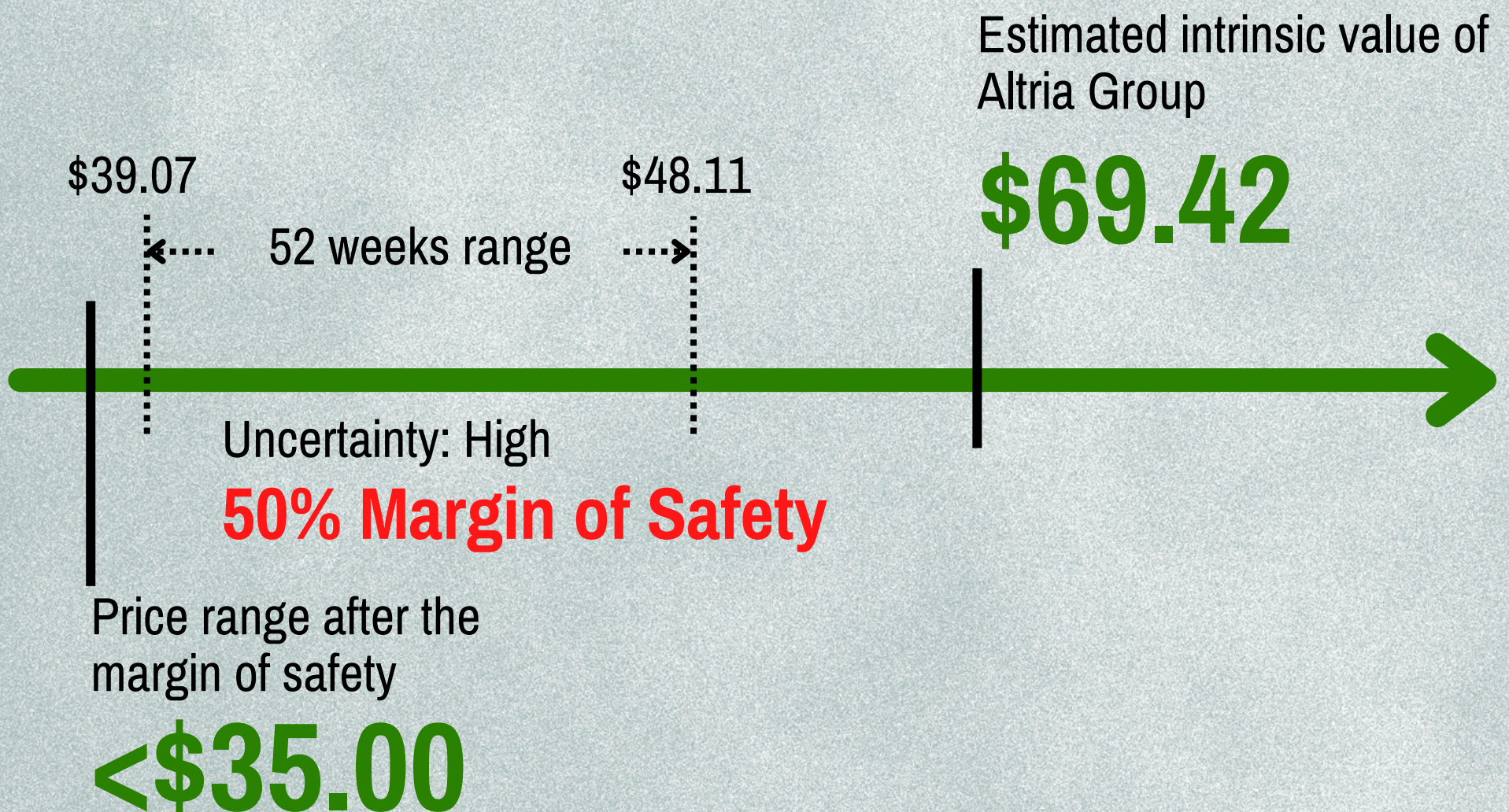
Average free cash flow used: USD\$8,100M

Projected growth rate: 5%

Beta: 0.6

Discount rate: 6.0%

Date of calculation: 27 Dec 2023



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