

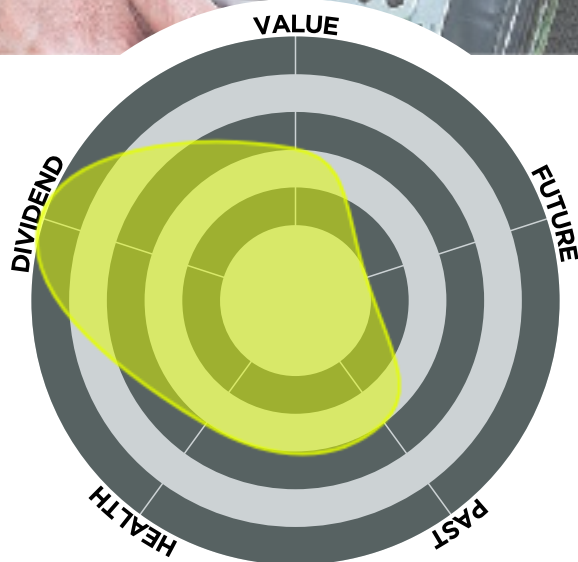
Simply Wall St provides a completely new visual way to invest in the stock market.

Check out [simplywall.st](https://simplywall.st) for over 18,000 stock and portfolio infographics like this.

Report printed: 10/3/2017

# International Business Machines

NYSE:IBM



## SNOWFLAKE DESCRIPTION

6 star dividend payer and fair value. [?](#)

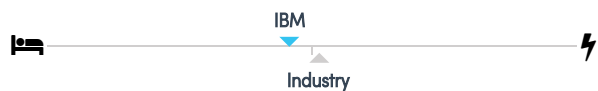
## COMPANY DESCRIPTION

International Business Machines Corporation provides information technology (IT) products and services worldwide. [More info.](#)

# SHARE PRICE

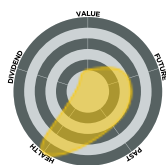


3 MONTH HISTORY

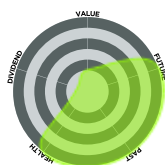


5YR VOLATILITY VS MARKET

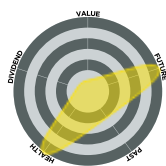
# COMPETITORS



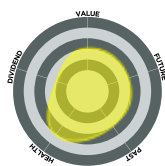
**Alphabet**  
NasdaqGS:GOOGL



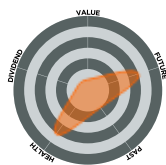
**Facebook**  
NasdaqGS:FB



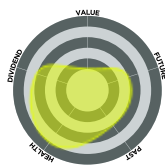
**Alibaba Group Holding**  
NYSE:BABA



**Oracle**  
NYSE:ORCL



**Baidu**  
NasdaqGS:BIDU



**Accenture**  
NYSE:ACN

# VALUE



**i** Is International Business Machines undervalued based on future cash flows and its price relative to the stock market?

## INTRINSIC VALUE BASED ON FUTURE CASH FLOWS **?**





**i** How is this discounted cash flow calculated?

## CURRENT DISCOUNT

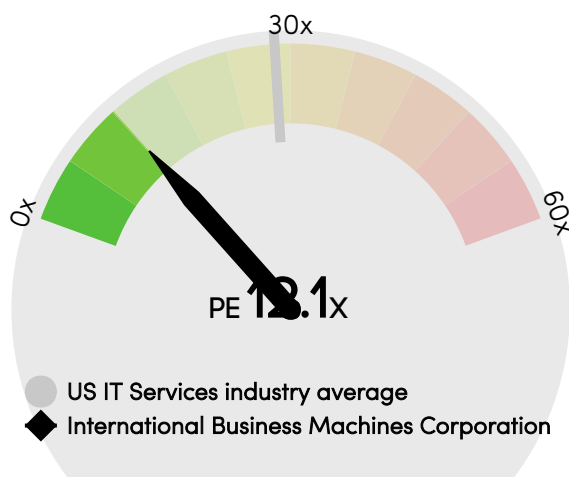
 **23%**

Share price is \$146

## CURRENT DISCOUNT CHECKS **?**

-  International Business Machines's share price is below the future cash flow value, and at a significant discount ( $> 20\%$ ).
-  International Business Machines's share price is below the future cash flow value, but not at a significant discount ( $< 40\%$ ).

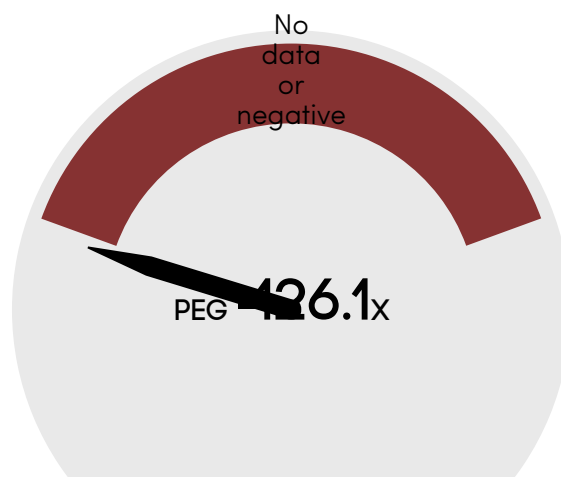
### PRICE BASED ON PAST EARNINGS



✓ International Business Machines is good value based on earnings compared to the US IT Services industry average.

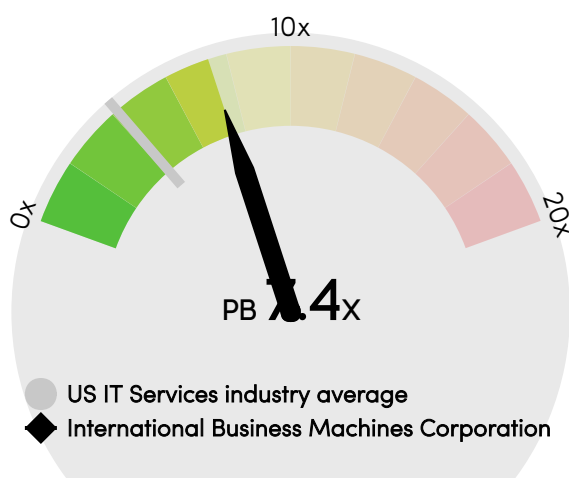
✓ International Business Machines is good value based on earnings compared to the US market.

### PRICE BASED ON EXPECTED GROWTH



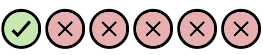
✗ International Business Machines earnings are not expected to grow next year, we can't assess if it's growth is good value.

### PRICE BASED ON VALUE OF ASSETS



✗ International Business Machines is overvalued based on assets compared to the US IT Services industry average.

# FUTURE PERFORMANCE



**i** How is International Business Machines expected to perform in the next 1 to 3 years based on estimates from 24 analysts?

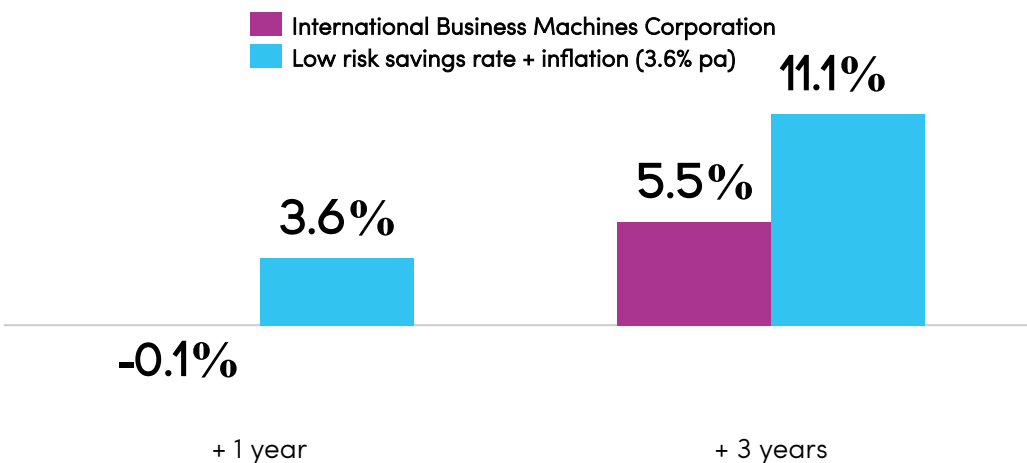


## FUTURE EARNINGS GROWTH ANALYSIS ?

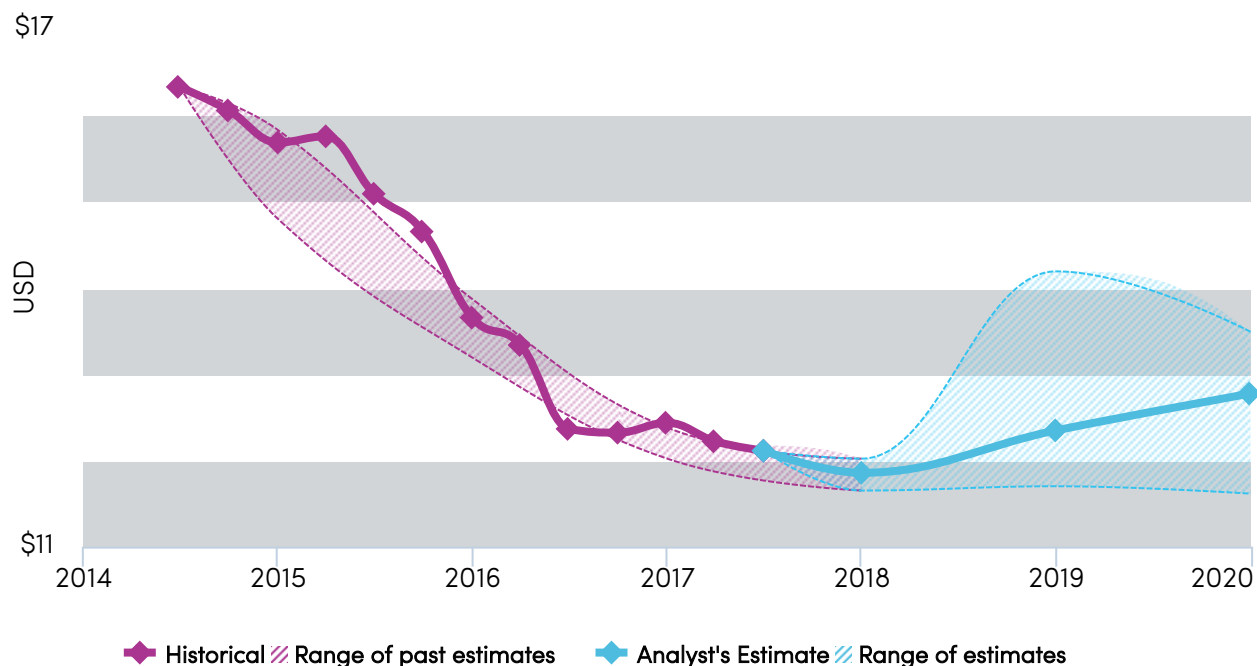
Are International Business Machines's annual earnings growth expected to exceed **3.6%** over the next 3 years?

- ⊗ International Business Machines's earnings are expected to decrease over the next year.
- ⊗ International Business Machines's earnings are expected to increase but not above the low risk growth rate in 3 years time

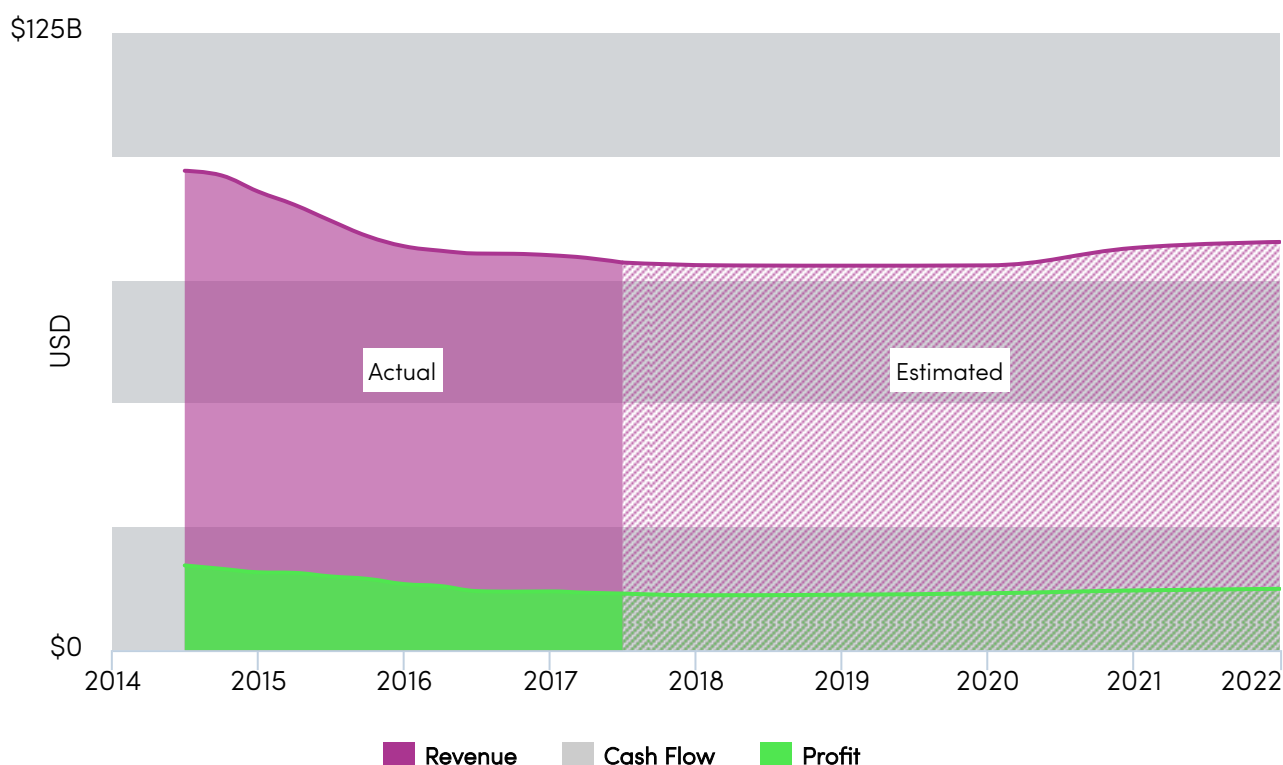
## 1 & 3 YEAR ESTIMATED GROWTH IN EARNINGS



## PAST AND FUTURE EARNINGS PER SHARE



## ANALYSTS GROWTH EXPECTATIONS

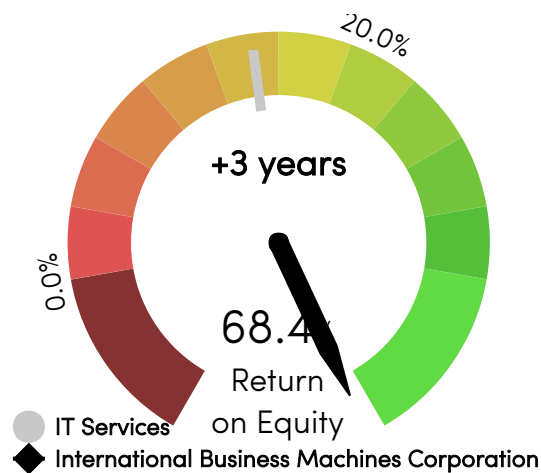


### 2 YEAR GROWTH CHECK ?

$\uparrow \times$   **$\times 1.5?$**

Which of these is expected to increase by over 50% in 2 year's time?

- ☒ International Business Machines's revenue is expected to decrease over the next 2 years
- ☒ Cash flow for International Business Machines is expected to increase by over 50% in 2 years
- ☒ International Business Machines's net income is expected to decrease over the next 2 years



✔ International Business Machines is expected to perform strongly, Return on Equity (ROE) in 3 years is estimated to be above 20%.

IMPROVEMENT & RELATIVE TO INDUSTRY

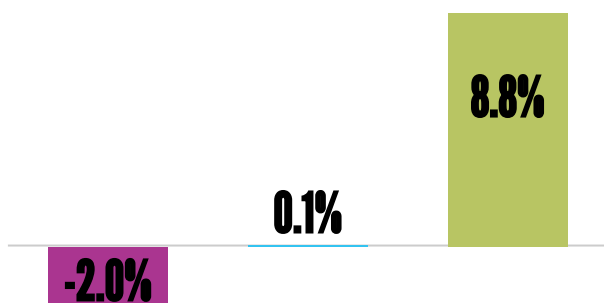
✔ Performance (ROE) is expected to be above the current US IT Services industry average.

✔ An improvement in International Business Machines's performance (ROE) is expected over the next 3 years.

# PAST PERFORMANCE

**i** How has International Business Machines performed over the past 5 years?

## PAST EARNINGS GROWTH

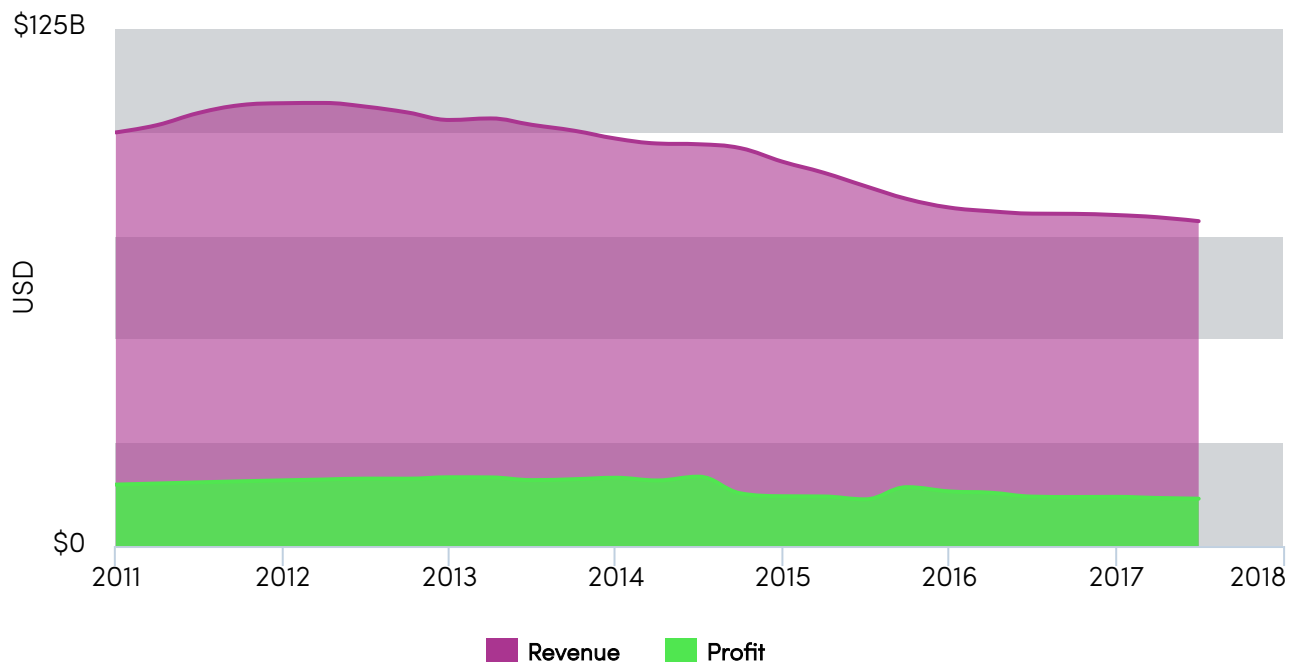


International Business Machines Corporation 1 year earnings growth  
International Business Machines Corporation 5 year annual average earnings growth  
IT Services industry 1 year average

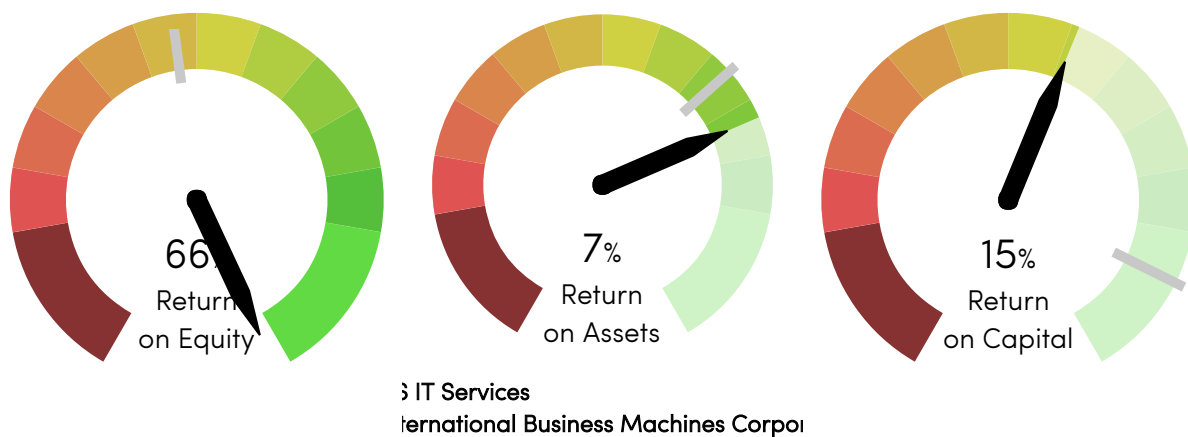
## PAST EARNINGS GROWTH ANALYSIS ?

- ✗ International Business Machines's 1 year earnings growth is negative.
- ✗ International Business Machines's 1 year earnings growth is negative.
- ✓ International Business Machines's year on year growth rate has been positive over the past 5 years, however the most recent earnings are below average.

## PROFIT HISTORY







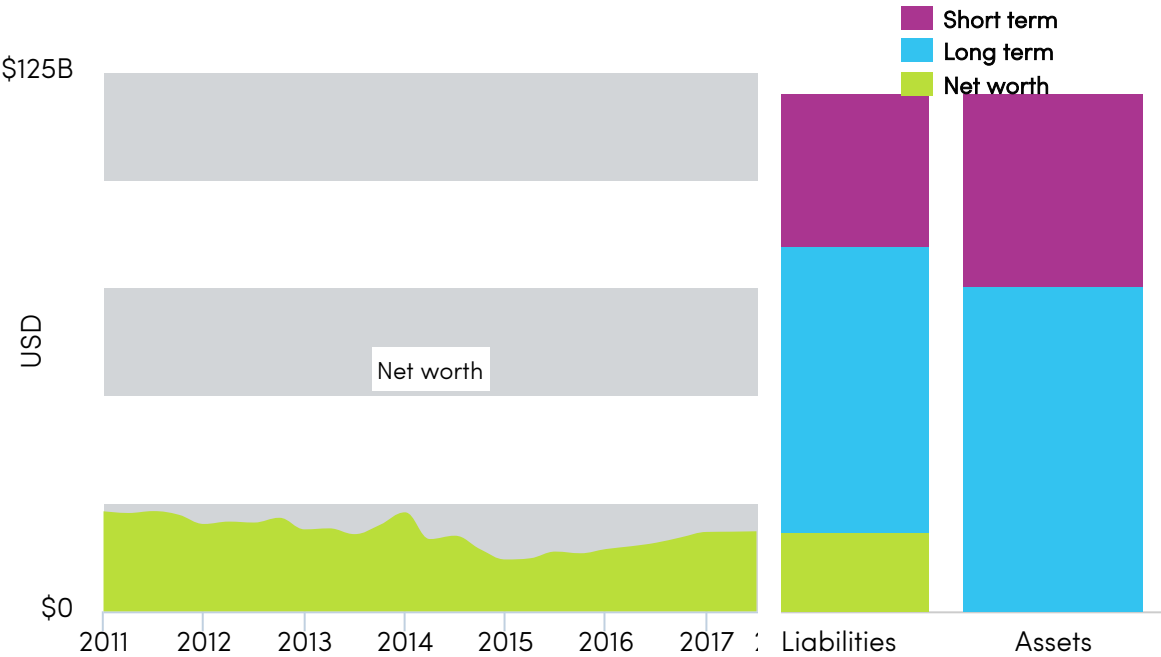
- ✔ Strong return on shareholders funds (ROE > 20%) last year.
- ✔ International Business Machines performed above the US IT Services industry average based on Return on Assets (ROA) last year.
- ✘ Performance based on Return on Capital Employed (ROCE) has been diminishing over 3 years.

# HEALTH



**i** How is International Business Machines's financial health and their level of debt?

## NET WORTH ?

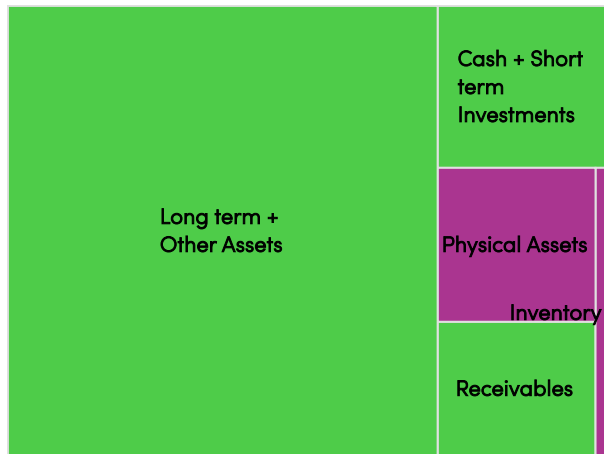


✔ International Business Machines is able to meet its short term (1 year) commitments with its holdings of cash and other short term assets.

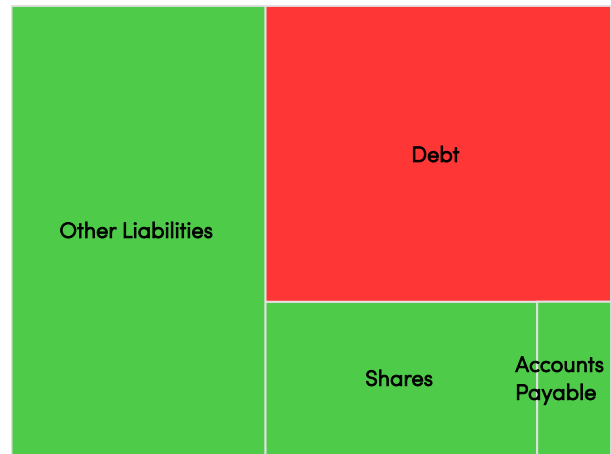
✘ International Business Machines's long term commitments exceed its cash and other short term assets.

## BALANCE SHEET

## ASSETS

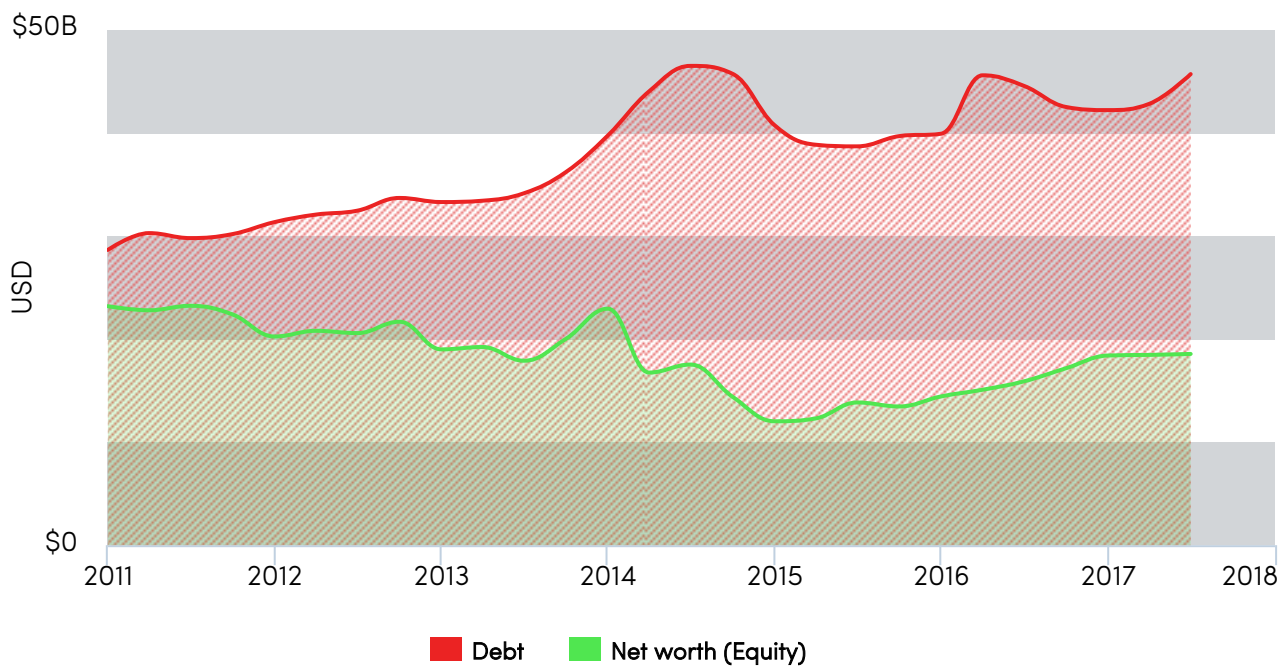


## LIABILITIES AND SHARES



- ✓ Low level of unsold assets.
- ✓ Total debt is covered by total short term assets, assets are 1x debt.

## HISTORICAL DEBT ?



- ✗ International Business Machines's level of debt (246% of total debt) compared to net worth is high (greater than 40%).
- ✗ The level of debt compared to net worth has increased over the past 5 years (157.7% vs 246.3% today).
- ✓ Total debt is well covered by annual operating cash flow (greater than 20% of total debt).
- ✓ Interest on debt is well covered by earnings (EBIT is 26.6x coverage).

# DIVIDENDS



**i** What is International Business Machines's current dividend yield, its reliability and sustainability?

## ANNUAL DIVIDEND INCOME



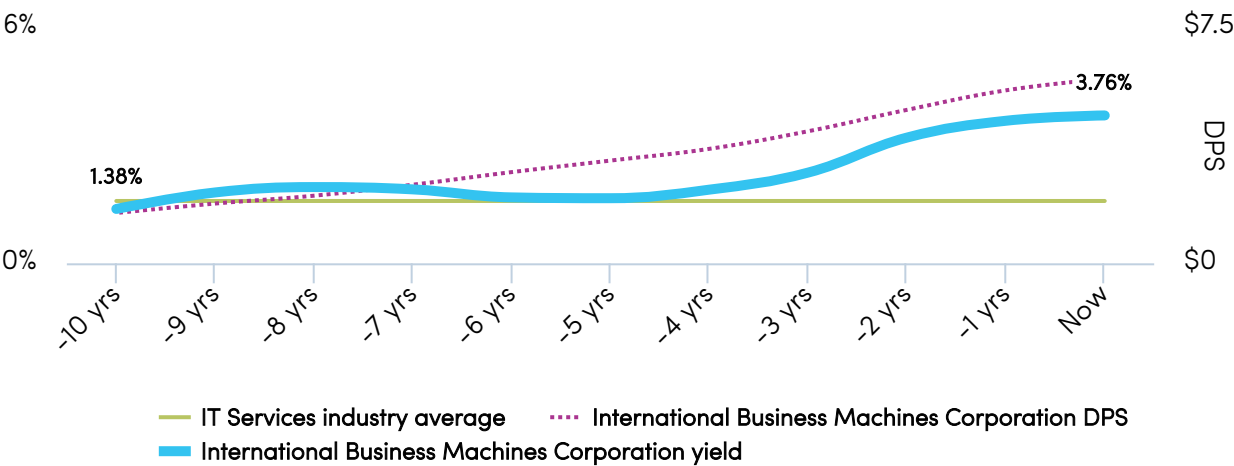
# 4.09%

Current annual

## DIVIDEND AMOUNT ?

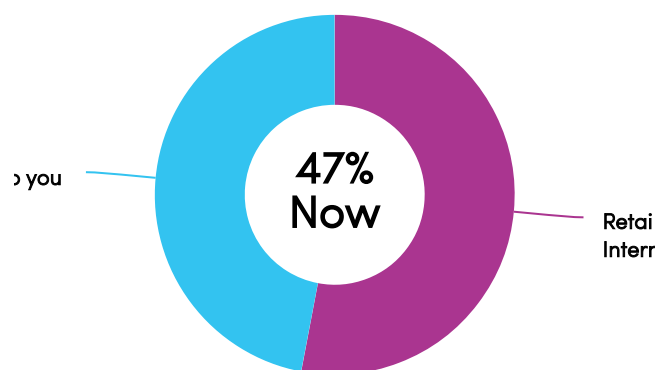
- ✓ Paying above low risk savings rate (2.25%).
- ✓ Paying above markets top dividend payers (3.18%).

## HISTORICAL DIVIDEND YIELD



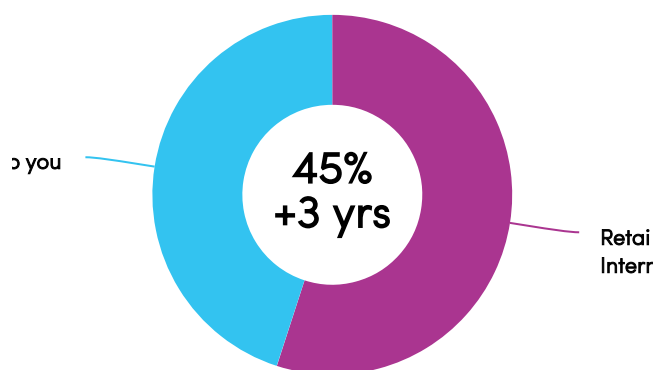
- ✓ Dividends per share have been stable in the past 10 years.
- ✓ Dividends per share have increased over the past 10 years.

## CURRENT PAYOUT TO SHAREHOLDERS ?



✔ Dividends paid are well covered by net profit (2.1x coverage).

## FUTURE PAYOUT TO SHAREHOLDERS ?



✔ Dividends after 3 years are expected to be well covered by net profit (2.2x coverage).

# MANAGEMENT

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**i** What is the CEO of International Business Machines's salary, the management and board of directors tenure and is there insider trading?

## CEO

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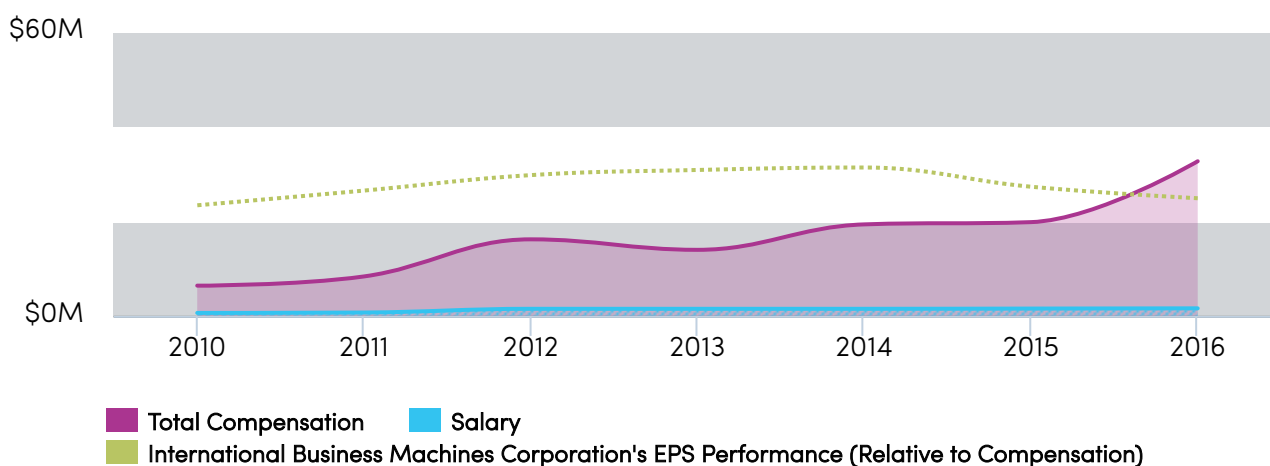
# Ginni Rometty

COMPENSATION	\$32,696K
AGE	58
TENURE AS CEO	5.8 years

## CEO BIO

Mrs. Virginia M. Rometty, also known as Ginni, has been the Chairman of International Business Machines Corporation (also known as IBM Corp.) since October 1, 2012 and also has been its Chief Executive Officer and President since January 1, 2012. Mrs. Rometty has responsibility for the overall strategy and business development for Global Services, including advanced services solutions, the services asset strategy and acquisition strategy. She began her career with IBM in 1981. She served as Senior Vice President of Global Business Services at International Business Machines Corporation from 2005 to 2009 and also served as its Senior Vice President of Global Sales & Distribution from 2009 to 2010, Senior Vice President from 2010 to 2012, Group Executive of Sales, Marketing & Strategy from 2010 to 2012 and Senior Vice President of Enterprise Business Services-IBM Global Services since July 2005. She served as Senior Vice President of Global Business Services and Managing Partner at IBM Business Consulting Services, Inc. She served as General Manager of IBM Global Services. She was responsible for strategic leadership, operations and client relationships of the Global Services business in the United States, Canada and Latin America. She also served as the General Manager of Strategy, Marketing and Sales Operations for IBM Global Services Worldwide. Before joining IBM's services business, She served as General Manager of IBM's Global Insurance and Financial Services Sector, where she led IBM's business strategy for the worldwide insurance marketplace, with responsibility for marketing, sales and consulting. She also supervised the operations of IBM's Insurance Research Centers in Hawthorne, N.Y., Zurich, Switzerland and Yamaha, Japan and was in charge of IBM's insurance solutions development worldwide. She served as General Manager of Americas for Global Services. She served as Managing Partner of IBM Global Business Services and Senior Vice President of Global Business Services at IBM Global Services U.S. She served as General Manager of Insurance Industry Group. She serves on the Council on Foreign Relations, the Board of Trustees of Northwestern University and the Board of Overseers and Board of Managers of Memorial Sloan-Kettering Cancer Center. She is a Member of IBM's strategy and operations teams. She is a Leader in IBM's diversity initiatives, including the Women in Technology Council and the Women's Leadership Council and is one of the Senior Vice President Sponsors of the Women's Executive Council at IBM. She has been Director of International Business Machines Corporation (IBM) since 2012. She served as a Director at American International Group, Inc. from September 20, 2006 to May 7, 2009. She served as a Director of APQC. She is a frequent speaker at industry and business conferences around the world, the recipient of the Carl Sloane Award 2006, given by the Association of Management Consulting Firms and was named among Fortune Magazine's "50 Most Powerful Women in Business" in 2005 and 2006 and was named among Time magazine's 2002 Global Business Influential. Before joining IBM, she was with General Motors Corporation, where she was responsible for application and systems development. She holds a Bachelor of Science degree with high honors in computer science and electrical engineering from the Northwestern University.

## CEO COMPENSATION ?



- ⚠️ Ginni's compensation has increased by more than 20% in the past year.
- ✅ Ginni's compensation appears reasonable.

MANAGEMENT TEAM TENURE

Average tenure and age of the International Business Machines management team in years:

5.1

AVERAGE TENURE

56.7

AVERAGE AGE

✅ The average tenure for the International Business Machines management team is over 5 years, this suggests they are a seasoned and experienced team.

MANAGEMENT TEAM

Ginni Rometty

TITLE

Chairman

COMPENSATION

\$33M

AGE

58

TENURE

5.8 yrs

Martin Schroeter

TITLE

Chief Financial Officer  
and Senior Vice  
President

COMPENSATION

\$7M

AGE

53

TENURE

3.8 yrs

Martin Jetter

TITLE

Senior Vice President of  
IBM Global Technology  
Services

COMPENSATION

\$9M

AGE

58

John Kelly

TITLE

Senior Vice President of  
IBM Cognitive Solutions  
and IBM Research

COMPENSATION

\$7M

AGE

63

TENURE

1.6 yrs

Erich Clementi

TITLE

Senior Vice President of  
IBM Global Markets

COMPENSATION

\$7M

Patricia Murphy

TITLE

Vice President of  
Investor Relations

BOARD OF DIRECTORS TENURE

Average tenure and age of the International Business Machines board of directors in years:

11.7

AVERAGE TENURE

65.4

AVERAGE AGE

✅ The average tenure for the International Business Machines board of directors is over 10 years, this suggests they are a seasoned and experienced board.

BOARD OF DIRECTORS

Ginni Rometty

TITLE

Chairman

COMPENSATION

\$33M

AGE

58

TENURE

5 yrs

Liming Chen

TITLE

Chairman of Greater  
China Group

AGE

57

Sidney Taurel

TITLE

Director

COMPENSATION

\$466K

AGE

68

TENURE

16.8 yrs

Mike Eskew

TITLE

Presiding Director

COMPENSATION

\$474K

AGE

67

Shirley Jackson

TITLE

Director

COMPENSATION

\$436K

AGE

70

TENURE

12.1 yrs

Ken Chenault

TITLE

Director

COMPENSATION

\$446K

AGE

66

TENURE

19.8 yrs



AGE  
59  
TENURE  
0.8 yrs

**Michelle Browdy**  
TITLE  
Senior Vice President of  
Legal & Regulatory  
Affairs and General  
Counsel  
AGE  
52  
TENURE  
2.8 yrs

**Kirill Korniliev**  
TITLE  
Vice President of Sales  
and Head of The Industry  
Solutions Area In Central  
& Eastern Europe

**Jon Iwata**  
TITLE  
Senior Vice President of  
Marketing &  
Communications  
AGE  
54  
TENURE  
15.8 yrs

**Kevin Reardon**  
TITLE  
Vice President of  
Corporate Development

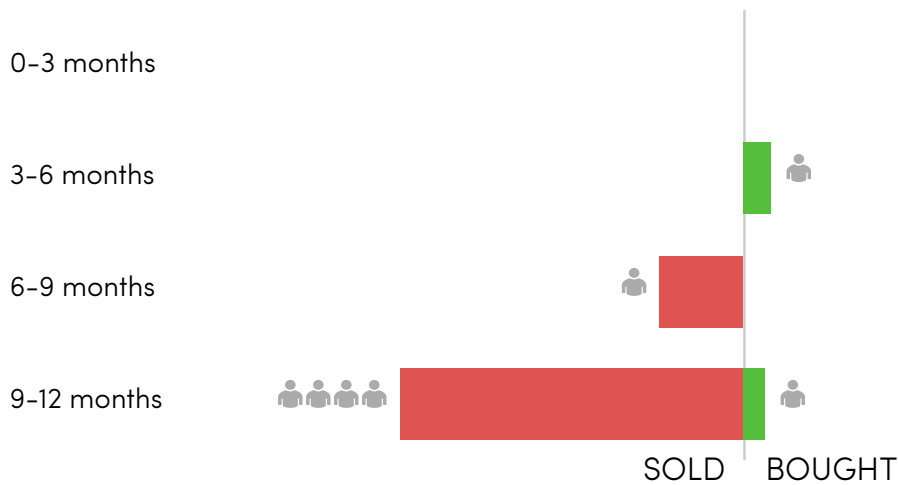
**Jim Norrton**  
TITLE  
AGE  
68

**Jim McNerney**  
TITLE  
Director  
COMPENSATION  
\$367K  
AGE  
68  
TENURE  
8.8 yrs

**Jim Owens**  
TITLE  
Director  
COMPENSATION  
\$387K  
AGE  
70  
TENURE  
11.6 yrs

**Andrew Liveris**  
TITLE  
Director  
COMPENSATION  
\$368K  
AGE  
62  
TENURE  
7.7 yrs

## RECENT INSIDER TRADING



No 3 month insider trading information.

# WHO OWNS THIS COMPANY?

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- Employee Share Scheme
- Individual Insiders
- Public Companies
- General Public
- Institutions

# COMPANY NEWS

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## **More IBM employees in India than U.S.**

Shifting its center of gravity halfway around the world, [[IBM]] now has more employees in India than in the U.S., with about 130K workers in the country,

Seeking Alpha – 1 day ago – Full article

## **Interesting October Stock Options for IBM**

Consistently, one of the more popular stocks people enter into their stock options watchlist at Stock Options Channel is International Business.

NASDAQ.com – 1 day ago – Full article

## **International Business Machines Corporation vs. Coca-Cola**

Which of these Dow stocks is the smarter pick?

The Motley Fool – 1 week ago – Full article

## **IBM Shareholders Need Employee Enthusiasm, Engagement And Passion**

A two-way distribution of profits produced amazing shareholder returns. A one-way distribution of profits impacts shareholder returns. A productivity corollary

Seeking Alpha – 1 week ago – Full article

## **International Business Machines Corp. v. United Microelectronics Corp.**

Defendant Obligated to Pay Contract Where Agreement Created No Condition Precedent

# COMPANY INFO

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## DESCRIPTION

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International Business Machines Corporation provides information technology (IT) products and services worldwide. Its Cognitive Solutions segment includes Watson, a cognitive computing platform that interacts in natural language, processes big data, and learns from interactions with people and computers.


The company's Cognitive Solutions segment also offers data and analytics solutions, including analytics and data management platforms, cloud data services, enterprise social software, talent management solutions, and solutions tailored by industry; and transaction processing software that runs mission-critical systems in banking, airlines, and retail industries. The company's Global Business Services segment offers business consulting services; delivers system integration, application management, maintenance, and support services for packaged software applications; and business process outsourcing services. Its Technology Services & Cloud Platforms segment provides cloud, project-based, outsourcing, and other managed services for enterprise IT infrastructure environments. This segment also offers technical support, and software and solution support; and integration software solutions. The company's Systems segment offers servers for businesses, cloud service providers, and scientific computing organizations; data storage products and solutions; and z/OS, an enterprise operating system for z systems. Its Global Financing segment provides lease, installment payment plans, and loan financing services; short-term inventory and accounts receivable financing to suppliers, distributors, and remarketers; and remanufacturing and remarketing services. It has a strategic collaboration with ABB Ltd to develop industrial artificial intelligence solutions. The company was formerly known as Computing-Tabulating-Recording Co. and changed its name to International Business Machines Corporation in 1924. The company was founded in 1910 and is headquartered in Armonk, New York.

## DETAILS

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Name:	International Business Machines Corporation
Ticker:	IBM
Exchange:	NYSE
Founded:	1910
Market Cap:	\$135,206M
Shares outstanding:	931,940,297
Website:	<a href="http://www.ibm.com">www.ibm.com</a>

## LISTINGS

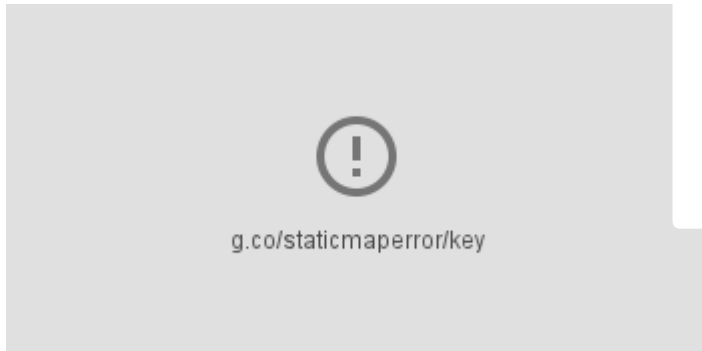
	Exchange Symbol	Ticker Symbol	Security	Exchange	Country	Currency	Listed on
	NYSE	IBM	Common Stock	New York Stock Exchange	US	USD	02. Jan 1968
	DB	IBM	Common Stock	Deutsche Boerse AG	DE	EUR	02. Jan 1968
	XTRA	IBM	Common Stock	XETRA Trading Platform	DE	EUR	02. Jan 1968
	SWX	IBM	Common Stock	SIX Swiss Exchange	CH	CHF	02. Jan 1968
	ENXTAM	IBMA	Common Stock	Euronext Amsterdam	NL	USD	02. Jan 1968
	WBAG	IBM	Common Stock	Wiener Boerse AG	AT	EUR	02. Jan 1968
	SNSE	IBM	Common Stock	Santiago Stock Exchange	CL	USD	02. Jan 1968
	BMV	IBM *	Common Stock	Bolsa Mexicana de Valores	MX	MXN	02. Jan 1968
	BVL	IBM	Common Stock	Bolsa de Valores de Lima	PE	USD	02. Jan 1968
	BATS-CHIXE	IBMZ	Common Stock	BATS 'Chi-X Europe'	GB	CHF	02. Jan 1968
	BOVESPA	IBMB34	BDR EA REPR 1 COM SHS	Bolsa de Valores de Sao Paulo	BR	BRL	16. Nov 2011
	BASE	IBM	CEDEAR 10 REP 1 COM STK USD0.2	Buenos Aires Stock Exchange	AR	ARS	12. Jul 2001

## MAP



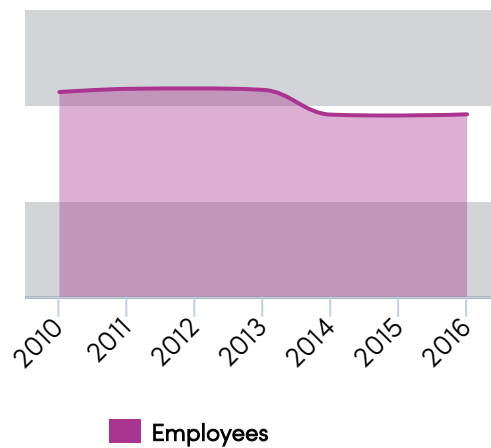
International Business Machines  
Corporation  
1 New Orchard Road,

Armonk,  
New York, 10504,  
United States

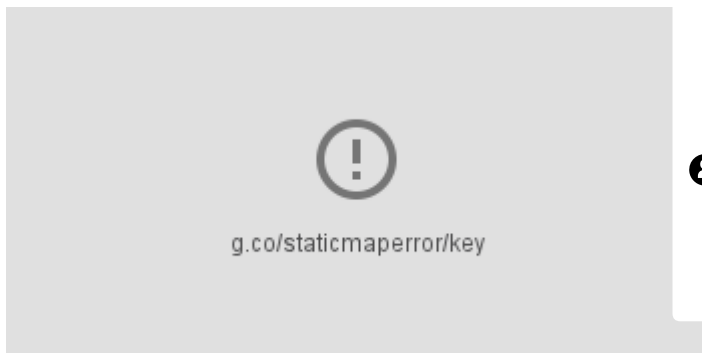


## NUMBER OF EMPLOYEES

600,000



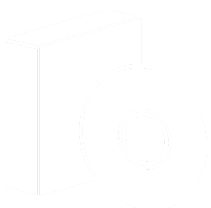
## STREET



## CURRENT STAFF

 **380,300** <sup>In</sup>

## INDUSTRY



Industry: IT Consulting and Other Servi  
Sector: Software and Services



[About](#)  
[Company](#)  
[Plans](#)

[Simply Wall St News](#)

[Learning Center](#)  
[Help Center](#)

[Sitemap](#)  
[Terms and Conditions](#)  
[Privacy Policy](#)

## RELATED COMPANIES

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[Accenture \(NYSE:ACN\)](#)  
[Cognizant Technology Solutions \(NasdaqGS:CTSH\)](#)  
[Infosys \(NYSE:INFY\)](#)  
[DXC Technology \(NYSE:DXC\)](#)  
[Wipro \(NYSE:WIT\)](#)  
[CGI Group \(NYSE:GIB\)](#)  
[Gartner \(NYSE:IT\)](#)  
[Amdocs \(NasdaqGS:DOX\)](#)  
[Leidos Holdings \(NYSE:LDOS\)](#)  
[Booz Allen Hamilton Holding \(NYSE:BAH\)](#)

## RELATED INDUSTRIES

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[Internet Software and Services](#)  
[IT Services](#)  
[Software](#)

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