

# ModernGraham Valuation

Company Name:

Graham Holdings Co

Company Ticker      GHC

Date of Analysis

9/21/2015



## 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	\$3,472,041,166	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.34	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
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	257.12%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	8.37	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.07	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	2.34	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.78	Pass
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		Pass

### Suitability

<b>Defensive</b>	<b>Yes</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$70.23
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$2,703.98</b>
MG Value based on 3% Growth	\$1,018.38
MG Value based on 0% Growth	\$596.98
Market Implied Growth Rate	-0.07%

### MG Opinion

Current Price	\$587.70
% of Intrinsic Value	21.73%
<b>Opinion</b>	<b>Undervalued</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$153.32
Graham Number	\$559.87
PEmg	8.37
Current Ratio	2.34
PB Ratio	1.07
Dividend Yield	1.77%
Number of Consecutive Years of Dividend Growth	2

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$25.55	Next Fiscal Year Estimate	\$70.23
Dec14	\$195.03	Dec14	\$81.06
Dec13	\$32.05	Dec13	\$23.05
Dec12	\$17.39	Dec12	\$17.69
Dec11	\$14.70	Dec11	\$18.06
Dec10	\$31.04	Dec10	\$20.60
Dec09	\$9.78	Dec09	\$17.79
Dec08	\$6.87	Dec08	\$23.73
Dec07	\$30.19	Dec07	\$31.85
Dec06	\$33.68	Dec06	\$31.61
Dec05	\$32.59	Dec05	\$29.56
Dec04	\$34.59	Dec04	\$26.66
Dec03	\$25.12	Dec03	\$22.27
Dec02	\$21.34	Dec02	\$22.11
Dec01	\$24.06	Dec01	\$23.52
Dec00	\$14.32	Dec00	\$23.76
Dec99	\$22.30	Dec99	\$27.44
Dec98	\$41.10	<b>Balance Sheet Information Jun15</b>	
Dec97	\$26.15	Total Current Assets	\$2,113,034,000
Dec96	\$20.05	Total Current Liabilities	\$903,744,000
Dec95	\$17.15	Long-Term Debt	\$947,219,000
		Total Assets	\$6,181,940,000
		Intangible Assets	\$1,923,547,000
		Total Liabilities	\$3,003,080,000
		Shares Outstanding (Diluted Average)	5,805,000





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**

- [5 Speculative and Overvalued Companies to Avoid – October 2014](#)
- [17 Companies in the Spotlight This Week – 9/20/2014](#)
- [Graham Holdings Company Annual Stock Valuation – 2014 \\$GHC](#)
- [17 Companies in the Spotlight This Week – June 21, 2014](#)
- [Graham Holdings Company Quarterly Valuation – June 2014 \\$GHC](#)

**Other ModernGraham posts about related companies**

- [Scripps Networks Interactive Inc. Analysis – September 2015 Update \\$SNI](#)
- [AMC Networks Inc. Analysis – Initial Coverage \\$AMCX](#)
- [CBS Corporation Analysis – August 2015 Update \\$CBS](#)
- [Twenty-First Century Fox Analysis – July 2015 Update \\$FOXA](#)
- [Discovery Communications Analysis – 2015 Annual Update \\$DISCA](#)
- [CBS Corporation Quarterly Valuation – May 2015 \\$CBS](#)
- [Twenty-First Century Fox Inc. Quarterly Valuation – April 2015 \\$FOXA](#)
- [Time Warner Inc. Annual Valuation – 2015 \\$TWX](#)
- [Comcast Corporation Annual Valuation – 2015 \\$CMCSA](#)
- [Cablevision Systems Corporation Annual Valuation – 2015 \\$CVC](#)