

# ModernGraham Valuation

Company Name:

Graham Holdings Co

Company Ticker      GHC

Date of Analysis

9/1/2016



## 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	\$2,746,400,528	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.19	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	247.10%	Pass
6. Moderate PEmg Ratio	PEmg < 20	14.08	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.11	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	2.19	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.45	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$34.81
MG Growth Estimate	14.53%
<b>MG Value</b>	<b>\$1,307.25</b>
MG Value based on 3% Growth	\$504.79
MG Value based on 0% Growth	\$295.91
Market Implied Growth Rate	2.79%

### MG Opinion

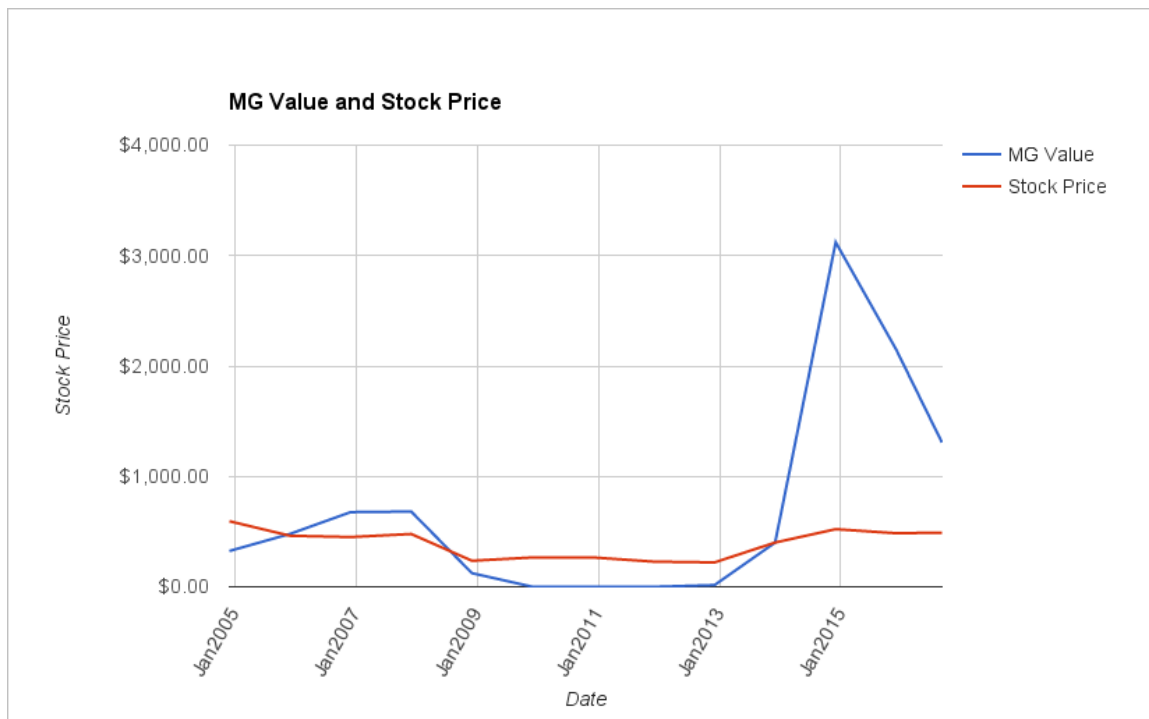
Current Price	\$490.32
% of Intrinsic Value	37.51%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>B-</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$41.04
Graham Number	\$0.00
PEmg	14.08
Current Ratio	2.19
PB Ratio	1.11
Current Dividend	\$6.22
Dividend Yield	1.27%
Number of Consecutive Years of Dividend Growth	0

Useful Links: [ModernGraham tagged articles](#) [Morningstar](#)  
[Google Finance](#) [MSN Money](#)  
[Yahoo Finance](#) [Seeking Alpha](#)  
[GuruFocus](#) [SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	-\$14.58	Next Fiscal Year Estimate	\$34.81
Dec2015	-\$17.87	Dec2015	\$55.76
Dec2014	\$195.03	Dec2014	\$81.06
Dec2013	\$32.05	Dec2013	\$23.05
Dec2012	\$17.39	Dec2012	\$17.69
Dec2011	\$14.70	Dec2011	\$18.06
Dec2010	\$31.04	Dec2010	\$20.60
Dec2009	\$9.78	Dec2009	\$17.79
Dec2008	\$6.87	Dec2008	\$23.73
Dec2007	\$30.19	Dec2007	\$31.85
Dec2006	\$33.68	Dec2006	\$31.61
Dec2005	\$32.59	Dec2005	\$29.56
Dec2004	\$34.59	Dec2004	\$26.66
Dec2003	\$25.12	Dec2003	\$22.27
Dec2002	\$21.34	Dec2002	\$22.11
Dec2001	\$24.06	Dec2001	\$23.52
Dec2000	\$14.32	Dec2000	\$23.76
Dec1999	\$22.30	<b>Balance Sheet Information 6/1/2016</b>	
Dec1998	\$41.10	Total Current Assets	\$1,627,413,000
Dec1997	\$26.15	Total Current Liabilities	\$744,343,000
Dec1996	\$20.05	Long-Term Debt	\$400,028,000
		Total Assets	\$4,328,639,000
		Intangible Assets	\$1,324,822,000
		Total Liabilities	\$1,856,159,000
		Shares Outstanding (Diluted Average)	5,574,000





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**

- [10 Undervalued Stocks for the Enterprising Investor – August 2016](#)
- [10 Most Undervalued Companies for the Enterprising Investor – July 2016](#)
- [10 Most Undervalued Companies for the Enterprising Investor – June 2016](#)
- [10 Most Undervalued Companies for the Enterprising Investor – May 2016](#)
- [10 Low PE Stocks for the Enterprising Investor – May 2016](#)

**Other ModernGraham posts about related companies**

- [Twenty-First Century Fox Inc Valuation – August 2016 \\$FOXA](#)
- [Discovery Communications Inc Valuation – August 2016 \\$DISCA](#)
- [Scripps Networks Valuation – July 2016 \\$SNI](#)
- [Cablevision Systems Corp Valuation – July 2016 \\$CVC](#)
- [Time Warner Inc Valuation – July 2016 \\$TWX](#)
- [Comcast Corporation Valuation – June 2016 \\$CMCSA](#)
- [Viacom Inc Valuation – June 2016 \\$VIAB](#)
- [CBS Corporation Valuation – May 2016 \\$CBS](#)
- [Graham Holdings Company Valuation – May 2016 \\$GHC](#)
- [Twenty-First Century Fox Inc Valuation – February 2016 Update \\$FOXA](#)