

ModernGraham Valuation

Company Name:

Yahoo! Inc.

Company Ticker YHOO

Date of Analysis

8/15/2015



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	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	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	Pass
5. Earnings Growth	PEmg < 20	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	Pass
7. Moderate Price to Assets		

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	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	Pass
3. Earnings Stability	Positive EPS for 5 years prior	Pass
4. Dividend Record	Currently Pays Dividend	Fail
5. Earnings Growth	EPSmg greater than 5 years ago	Pass

Suitability

Defensive	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	2.92
MG Growth Estimate	15.00%
MG Value	\$112.32
MG Value based on 3% Growth	\$42.30
MG Value based on 0% Growth	\$24.80
Market Implied Growth Rate	1.96%

MG Opinion

Current Price	\$36.24
% of Intrinsic Value	32.27%
Opinion	Undervalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$9.68
PEmg	12.42
Current Ratio	5.39
PB Ratio	1.01
Dividend Yield	0.00%
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	\$0.56	Next Fiscal Year Estimate	\$2.92
Dec14	\$7.45	Dec14	\$3.64
Dec13	\$1.26	Dec13	\$1.61
Dec12	\$3.28	Dec12	\$1.57
Dec11	\$0.82	Dec11	\$0.67
Dec10	\$0.90	Dec10	\$0.57
Dec09	\$0.42	Dec09	\$0.47
Dec08	\$0.29	Dec08	\$0.54
Dec07	\$0.47	Dec07	\$0.64
Dec06	\$0.52	Dec06	\$0.66
Dec05	\$1.28	Dec05	\$0.62
Dec04	\$0.58	Dec04	\$0.24
Dec03	\$0.18	Dec03	\$0.07
Dec02	\$0.04	Dec02	\$0.01
Dec01	-\$0.08	Dec01	-\$0.01
Dec00	\$0.06	Dec00	\$0.02
Dec99	\$0.04	Dec99	\$0.00
Dec98	-\$0.02	Balance Sheet Information Jun15 Total Current Assets \$7,580,932,000 Total Current Liabilities \$1,406,684,000 Long-Term Debt \$1,201,540,000 Total Assets \$50,191,820,000 Intangible Assets \$5,558,814,000 Total Liabilities \$16,659,210,000 Outstanding Shares 937,569,000	
Dec97	-\$0.06		
Dec96	-\$0.01		
Dec95	-\$0.01		



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:

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ModernGraham
posts about the
company

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[5 Most Undervalued Companies for the Defensive Investor – July 2015](#)
[5 Most Undervalued Companies for the Defensive Investor – June 2015](#)
[30 Companies in the Spotlight This Week – 5/23/15](#)
[Yahoo Inc. Quarterly Valuation – May 2015 \\$YHOO](#)

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[Google Inc. Analysis – July 2015 Update \\$GOOGL](#)
[Intuit Inc. Analysis – July 2015 Update \\$INTU](#)
[Oracle Corporation Analysis – July 2015 Update \\$ORCL](#)
[Adobe Systems Inc. Analysis – 2015 Update \\$ADBE](#)
[CA Inc. Stock Analysis – May 2015 Quarterly Update \\$CA](#)
[Yahoo Inc. Quarterly Valuation – May 2015 \\$YHOO](#)
[Autodesk Inc. Quarterly Valuation – May 2015 \\$ADSK](#)