ModernGraham Valuation

Company Name:

Time Warner Cable Inc



Company Ticker Date of Analysis

11/5/2015

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.

TWC

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$53,718,623,995 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.50 Fail
3. Earnings Stability	Positive EPS for 10 years prior	Fail
4. Dividend Record	Dividend Payments for 10 years prior	Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at	074.700/ 5 11

years using 3 year averages at beginning and end -254.58% Fail

6. Moderate PEmg Ratio PEmg < 20 28.44 Fail

7. Moderate Price to Assets PB Ratio < 2.5 OR PB*PEmg < 50 6.17 Fail

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	0.50 Fail
2.	Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-12.11 Fail
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

Defensive No Enterprising No

Stage 2: Determination of Intrinsic Value

EPSmg	\$6.63
MG Growth Estimate	15.00%
MG Value	\$255.26
MG Value based on 3% Growth	\$96.14
MG Value based on 0% Growth	\$56.36
Market Implied Growth Rate	9.97%

MG Opinion

Current Price \$188.58
% of Intrinsic Value 73.88%
Opinion Undervalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$133.03
Graham Number	\$66.58
PEmg	28.44
Current Ratio	0.50
PB Ratio	6.17
Dividend Yield	1.99%
Number of Consecutive Years of Dividend Growth	6

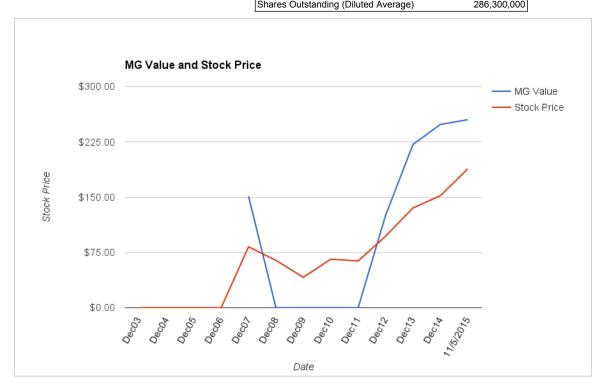
Useful Links: ModernGraham tagged articles Morningstar

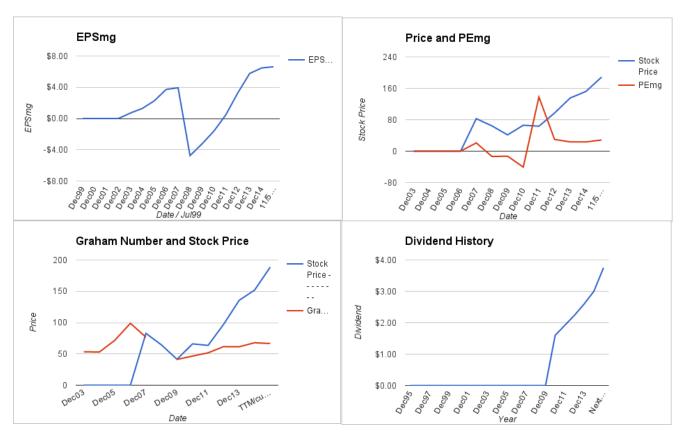
 Google Finance
 MSN Money

 Yahoo Finance
 Seeking Alpha

 GuruFocus
 SEC Filings

EPS History		EPSmg History	,
Next Fiscal Year Estimate	\$6.38	Next Fiscal Year Estimate	\$6.63
Dec14	\$7.17	Dec14	\$6.46
Dec13	\$6.70	Dec13	\$5.76
Dec12	\$6.90	Dec12	\$3.26
Dec11	\$4.97	Dec11	\$0.46
Dec10	\$3.64	Dec10	-\$1.62
Dec09	\$3.05	Dec09	-\$3.26
Dec08	-\$22.55	Dec08	-\$4.75
Dec07	\$3.45	Dec07	\$3.93
Dec06	\$6.00	Dec06	\$3.72
Dec05	\$3.75	Dec05	\$2.25
Dec04	\$2.19	Dec04	\$1.29
Dec03	\$2.10	Dec03	\$0.70
Dec02	\$0.00	Dec02	\$0.00
Dec01	\$0.00	Dec01	\$0.00
Dec00	\$0.00	Dec00	\$0.00
Dec99	\$0.00	Dec99	\$0.00
Dec98	\$0.00	Balance Sheet Information	Sep15
Dec97	\$0.00	Total Current Assets	\$1,889,000,000
Dec96	\$0.00	Total Current Liabilities	\$3,763,000,000
Dec95	\$0.00	Long-Term Debt	\$22,689,000,000
		Total Assets	\$48,721,000,000
		Intangible Assets	\$29,615,000,000
		Total Liabilities	\$39,976,000,000
		Shares Outstanding (Diluted Average)	286,300,000





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 27 Companies in the Spotlight This Week – 11/8/14
Time Warner Cable Inc. Annual Valuation – 2014 \$TWC

Other ModernGraham posts about related companies News Corporation Valuation – November 2015 Update \$NWSA

 $\underline{ \text{The Best Companies of the Media Entertainment Industry} - \text{October 2015} }$

Twenty-First Century Fox Inc. Valuation – October 2015 Update \$FOXA

Graham Holdings Company Analysis – September 2015 Update \$GHC

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