

ModernGraham Valuation



Company Name:

Time Warner Cable
Inc

Company Ticker TWC

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.

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
5. Earnings Growth	Increase of 33% in EPS in past 10 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](#)
[The Best Companies of the Media Entertainment Industry – 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](#)