ModernGraham Valuation

Company Name: Yahoo! Inc.

Company Ticker	YHOO
Date of Analysis	11/17/2015

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	$31,065,978,715	Pass
2.	Sufficiently Strong Financial Condition	Current Ratio > 2	5.63	Pass
3.	Earnings Stability	Positive EPS for 10 years prior		Pass
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	591.41%	Pass
6.	Moderate PEmg Ratio	PEmg < 20	11.85	Pass
7.	Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.10	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	5.63	Pass
2.	Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.19	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	$2.78
MG Growth Estimate	15.00%
MG Value	**$106.93**
MG Value based on 3% Growth	$40.27
MG Value based on 0% Growth	$23.61
Market Implied Growth Rate	1.67%

MG Opinion

Current Price	$32.90
% of Intrinsic Value	30.77%
Opinion	**Undervalued**

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-$5.59
Graham Number	$9.72
PEmg	11.85
Current Ratio	5.63
PB Ratio	1.10
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	$0.14	Next Fiscal Year Estimate	$2.78
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**	**Sep15**
Dec97	-$0.06	Total Current Assets	$7,596,073,000
Dec96	-$0.01	Total Current Liabilities	$1,348,833,000
Dec95	-$0.01	Long-Term Debt	$1,217,408,000
		Total Assets	$41,135,000,000
		Intangible Assets	$5,663,775,000
		Total Liabilities	$12,889,050,000
		Shares Outstanding (Diluted Average)	946,934,000

MG Value and Stock Price

EPSmg

Price and PEmg

Graham Number and Stock Price

Dividend History
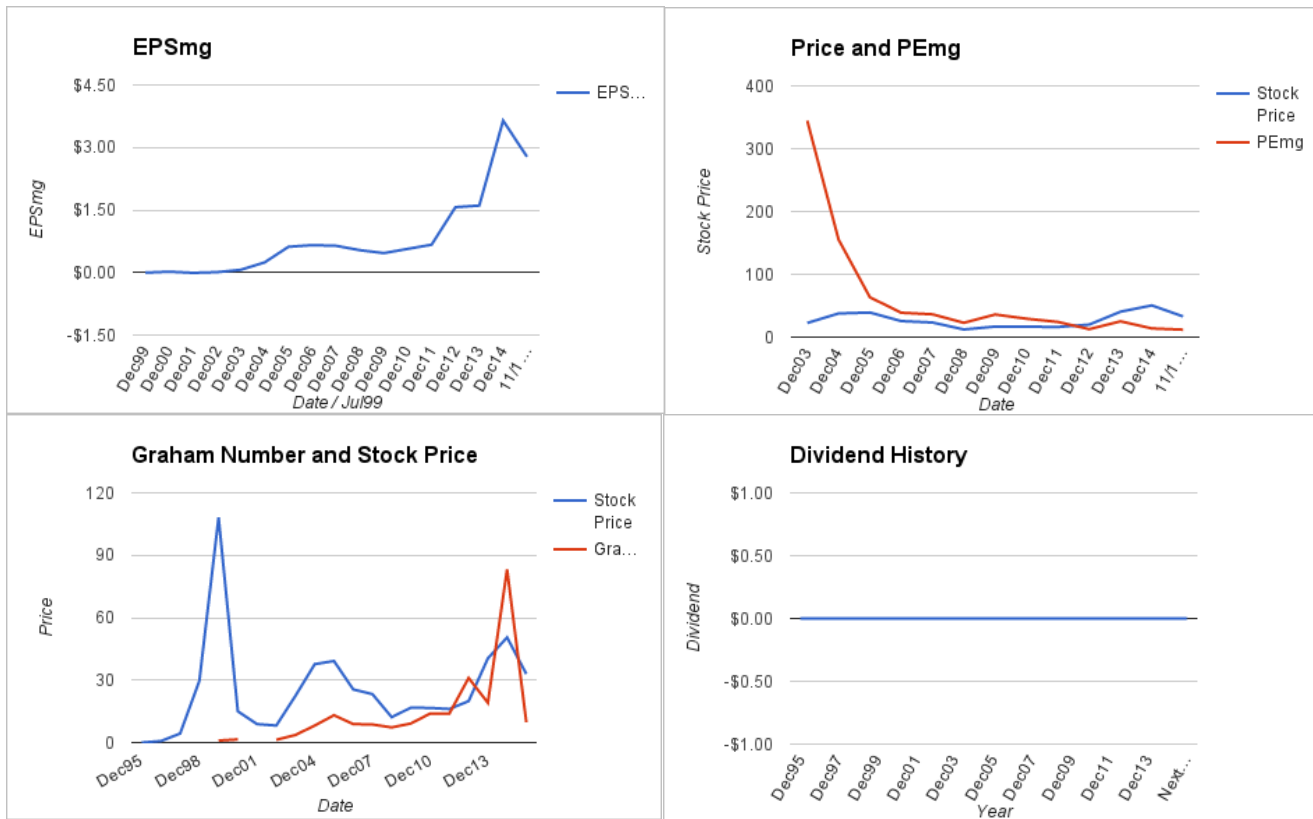
Disclaimer:

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 Most Undervalued Companies for the Defensive Investor – November 2015
	10 Low PE Stocks for the Defensive Investor – November 2015
	10 Most Undervalued Companies for the Defensive Investor – October 2015
	10 Low PE Stocks for the Defensive Investor – October 2015
	10 Most Undervalued Companies for the Defensive Investor – September 2015

Other ModernGraham posts about related companies	Microsoft Corporation Valuation – November 2015 Update $MSFT
	Cisco Systems Inc. Valuation – November 2015 Update $CSCO
	Alphabet Inc. Valuation – October 2015 Update $GOOG $GOOGL
	Intuit Inc. Analysis – October 2015 Update $INTU
	Oracle Corporation Analysis – October 2015 Update $ORCL
	CA Inc. Analysis – August 2015 Update $CA
	The Best Companies of the Software Industry – August 2015
	Ansys Inc. Analysis – Initial Coverage $ANSS
	Yahoo! Inc. Analysis – August 2015 Update $YHOO
	Autodesk Inc. Analysis – August 2015 Update $ADSK