

ModernGraham Valuation

Company Name:

AGL Resources Inc.

Company Ticker

GAS

Date of Analysis

6/12/2016



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	\$7,960,057,070	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.62	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	18.36%	Fail
5. Earnings Growth	PEmg < 20	21.26	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.97	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	0.62	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-3.44	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	\$3.10
MG Growth Estimate	3.54%
MG Value	\$48.34
MG Value based on 3% Growth	\$44.97
MG Value based on 0% Growth	\$26.36
Market Implied Growth Rate	6.38%

MG Opinion

Current Price	\$65.93
% of Intrinsic Value	136.38%
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$72.82
Graham Number	\$47.57
PEmg	21.26
Current Ratio	0.62
PB Ratio	1.97
Current Dividend	\$2.06
Dividend Yield	3.12%
Number of Consecutive Years of Dividend Growth	4

Useful Links:

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Google Finance	MSN Money
Yahoo Finance	Seeking Alpha

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.01	Next Fiscal Year Estimate	\$3.10
Dec2015	\$2.94	Dec2015	\$3.03
Dec2014	\$4.04	Dec2014	\$3.00
Dec2013	\$2.64	Dec2013	\$2.51
Dec2012	\$2.31	Dec2012	\$2.51
Dec2011	\$2.12	Dec2011	\$2.64
Dec2010	\$3.00	Dec2010	\$2.88
Dec2009	\$2.88	Dec2009	\$2.79
Dec2008	\$2.84	Dec2008	\$2.70
Dec2007	\$2.72	Dec2007	\$2.57
Dec2006	\$2.72	Dec2006	\$2.41
Dec2005	\$2.48	Dec2005	\$2.19
Dec2004	\$2.28	Dec2004	\$1.96
Dec2003	\$2.01	Dec2003	\$1.74
Dec2002	\$1.82	Dec2002	\$1.56
Sep2001	\$1.62	Sep2001	\$1.42
Sep2000	\$1.29	Sep2000	\$1.33
Sep1999	\$1.29	Balance Sheet Information 3/1/2016	
Sep1998	\$1.41	Total Current Assets	\$1,537,000,000
Sep1997	\$1.37	Total Current Liabilities	\$2,489,000,000
Sep1996	\$1.37	Long-Term Debt	\$3,273,000,000
		Total Assets	\$14,336,000,000
		Intangible Assets	\$1,918,000,000
		Total Liabilities	\$10,304,000,000
		Shares Outstanding (Diluted Average)	120,400,000





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.

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