

ModernGraham Valuation

Company Name:

Company Ticker CHK
Date of Analysis

Chesapeake Energy Corporation

6/21/2016



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	\$3,268,079,335	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.53	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	341.93%	Pass
6. Moderate PEmg Ratio	PEmg < 20	-0.63	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.35	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	0.53	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-7.50	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	-\$7.31
MG Growth Estimate	-4.25%
MG Value	\$0.00
MG Value based on 3% Growth	-\$106.03
MG Value based on 0% Growth	-\$62.16
Market Implied Growth Rate	-4.57%

MG Opinion

Current Price	\$4.62
% of Intrinsic Value	N/A
Opinion	Overvalued
MG Grade	D+

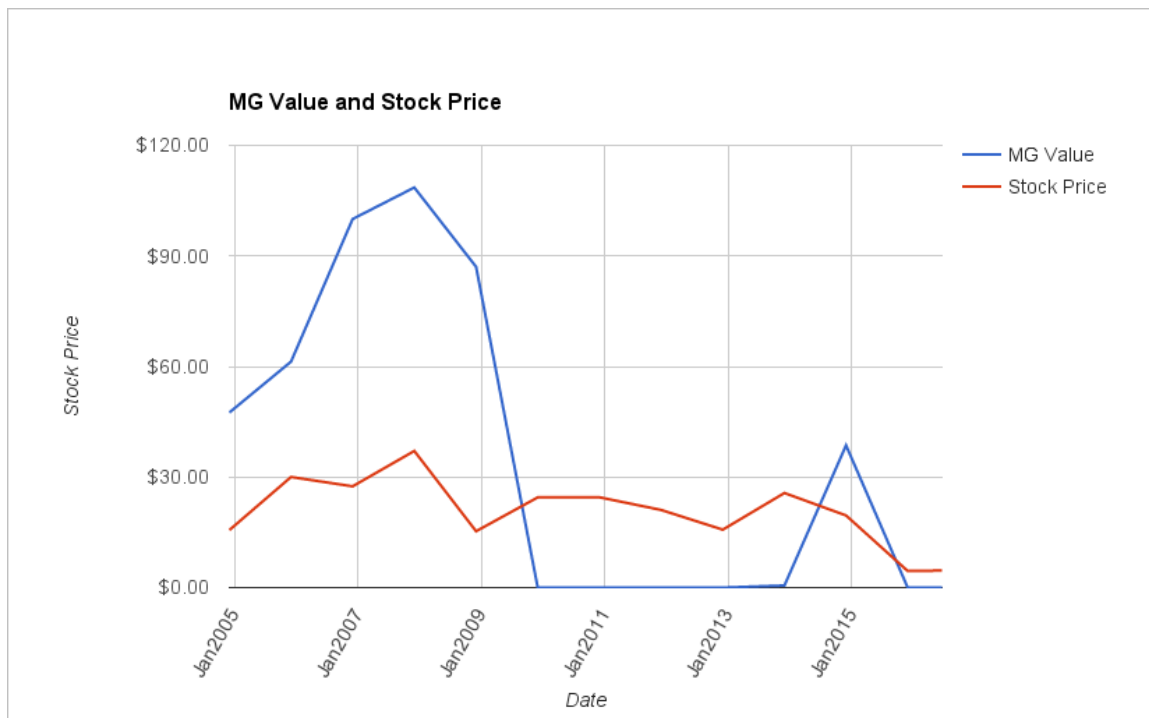
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$18.79
Graham Number	\$0.00
PEmg	-0.63
Current Ratio	0.53
PB Ratio	2.35
Current Dividend	\$0.18
Dividend Yield	3.81%
Number of Consecutive Years of Dividend Growth	1

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EPS History		EPSmg History	
Next Fiscal Year Estimate	-\$5.12	Next Fiscal Year Estimate	-\$7.31
Dec2015	-\$22.43	Dec2015	-\$6.87
Dec2014	\$1.87	Dec2014	\$1.00
Dec2013	\$0.73	Dec2013	\$0.01
Dec2012	-\$1.46	Dec2012	-\$0.57
Dec2011	\$2.32	Dec2011	-\$0.14
Dec2010	\$2.51	Dec2010	-\$0.85
Dec2009	-\$9.57	Dec2009	-\$1.61
Dec2008	\$1.14	Dec2008	\$2.39
Dec2007	\$2.62	Dec2007	\$2.82
Dec2006	\$4.35	Dec2006	\$2.60
Dec2005	\$2.51	Dec2005	\$1.59
Dec2004	\$1.53	Dec2004	\$1.23
Dec2003	\$1.21	Dec2003	\$1.11
Dec2002	\$0.17	Dec2002	\$0.35
Dec2001	\$1.25	Dec2001	-\$0.26
Dec2000	\$3.01	Dec2000	-\$1.29
Dec1999	\$0.16	Balance Sheet Information 3/1/2016	
Dec1998	-\$9.97	Total Current Assets	\$1,492,000,000
Jun1997	-\$2.79	Total Current Liabilities	\$2,833,000,000
Jun1996	\$0.40	Long-Term Debt	\$10,062,000,000
		Total Assets	\$15,357,000,000
		Intangible Assets	\$0
		Total Liabilities	\$14,046,000,000
		Shares Outstanding (Diluted Average)	668,000,000





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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