

# ModernGraham Valuation

## Company Name:

Company Ticker WMB  
Date of Analysis

Williams Companies  
Inc

6/11/2016



## 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	\$16,612,988,233	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.45	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	-49.12%	Fail
6. Moderate PEmg Ratio	PEmg < 20	36.61	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.91	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	0.45	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-15.51	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		Pass

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$0.60
MG Growth Estimate	4.05%
<b>MG Value</b>	<b>\$9.99</b>
MG Value based on 3% Growth	\$8.73
MG Value based on 0% Growth	\$5.12
Market Implied Growth Rate	14.06%

### MG Opinion

Current Price	\$22.04
% of Intrinsic Value	220.53%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>D</b>

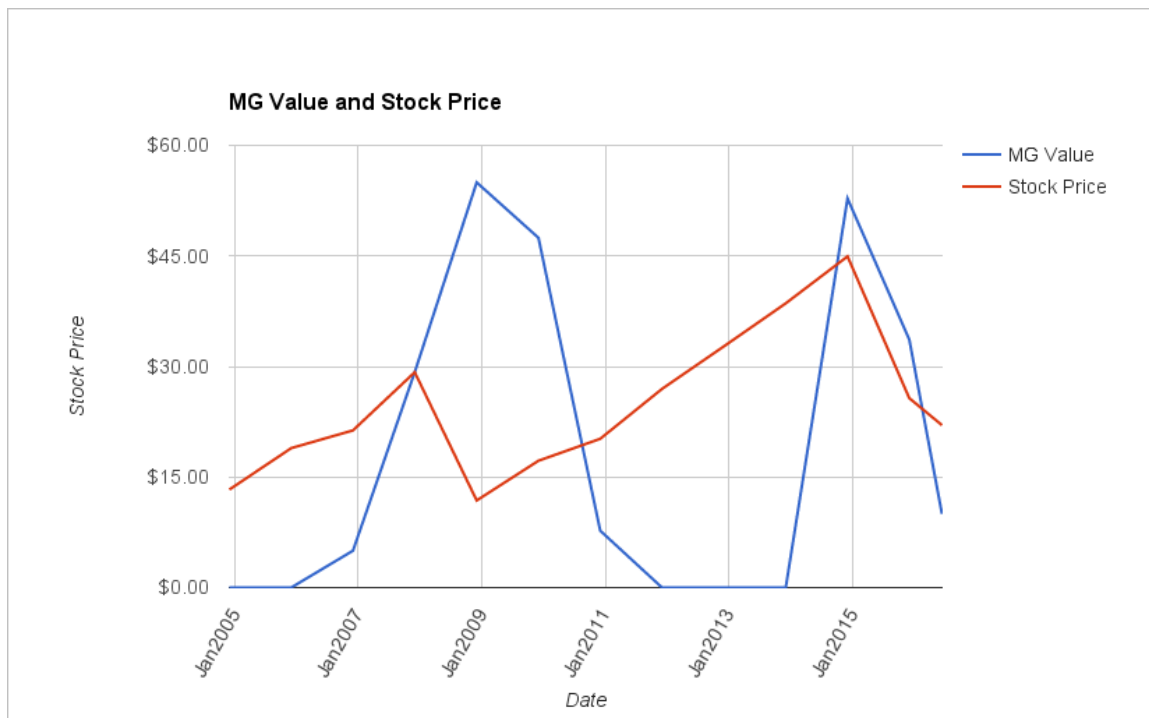
## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$55.78
Graham Number	\$4.89
PEmg	36.61
Current Ratio	0.45
PB Ratio	2.91
Current Dividend	\$2.51
Dividend Yield	11.39%
Number of Consecutive Years of Dividend Growth	13

### Useful Links:

[ModernGraham tagged articles](#) [Morningstar](#)  
[Google Finance](#) [MSN Money](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$0.14	Next Fiscal Year Estimate	\$0.60
Dec2015	-\$0.76	Dec2015	\$0.87
Dec2014	\$2.92	Dec2014	\$1.37
Dec2013	\$0.62	Dec2013	\$0.48
Dec2012	\$1.37	Dec2012	\$0.47
Dec2011	\$0.63	Dec2011	\$0.24
Dec2010	-\$1.88	Dec2010	\$0.24
Dec2009	\$0.49	Dec2009	\$1.23
Dec2008	\$2.40	Dec2008	\$1.43
Dec2007	\$1.63	Dec2007	\$0.76
Dec2006	\$0.51	Dec2006	\$0.13
Dec2005	\$0.53	Dec2005	-\$0.22
Dec2004	\$0.31	Dec2004	-\$0.54
Dec2003	-\$1.01	Dec2003	-\$0.77
Dec2002	-\$1.63	Dec2002	-\$0.48
Dec2001	-\$0.96	Dec2001	\$0.18
Dec2000	\$1.17	Dec2000	\$0.76
Dec1999	\$0.50	<b>Balance Sheet Information 3/1/2016</b>	
Dec1998	\$0.28	Total Current Assets	\$1,261,000,000
Dec1997	\$0.80	Total Current Liabilities	\$2,789,000,000
Dec1996	\$1.07	Long-Term Debt	\$23,701,000,000
		Total Assets	\$48,807,000,000
		Intangible Assets	\$9,928,000,000
		Total Liabilities	\$43,116,000,000
		Shares Outstanding (Diluted Average)	750,332,000





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

[34 Companies in the Spotlight This Week – 2/7/15](#)  
[Williams Companies Annual Valuation – 2015 \\$WMB](#)  
[15 Companies in the Spotlight This Week – 2/1/14](#)  
[Williams Companies \(WMB\) Annual Valuation](#)

Other  
ModernGraham  
posts about related  
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[FMC Technologies Inc Valuation – March 2016 \\$FTI](#)  
[Phillips 66 Valuation – March 2016 \\$PSX](#)  
[Valero Energy Corp Valuation – February 2016 \\$VLO](#)  
[Schlumberger Ltd Valuation – February 2016 \\$SLB](#)  
[National Oilwell Varco Inc Valuation – February 2016 Update \\$NOV](#)  
[Southwestern Energy Company Valuation – February 2016 Update \\$SWN](#)  
[Apache Corporation Valuation – January 2016 Update \\$APA](#)  
[Anadarko Petroleum Corp Valuation – January 2016 Update \\$APC](#)  
[Cabot Oil & Gas Corp Valuation – December 2015 Update \\$COG](#)