

ModernGraham Valuation

Company Name:

Delta Air Lines, Inc.

Company Ticker

DAL

Date of Analysis

7/8/2016



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	\$29,474,625,613	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.51	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-179.22%	Fail
5. Earnings Growth	PEmg < 20	7.13	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.59	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	0.51	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-0.79	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	\$5.24
MG Growth Estimate	15.00%
MG Value	\$201.82
MG Value based on 3% Growth	\$76.01
MG Value based on 0% Growth	\$44.56
Market Implied Growth Rate	-0.69%

MG Opinion

Current Price	\$37.37
% of Intrinsic Value	18.52%
Opinion	Undervalued
MG Grade	C+

Stage 3: Information for Further Research

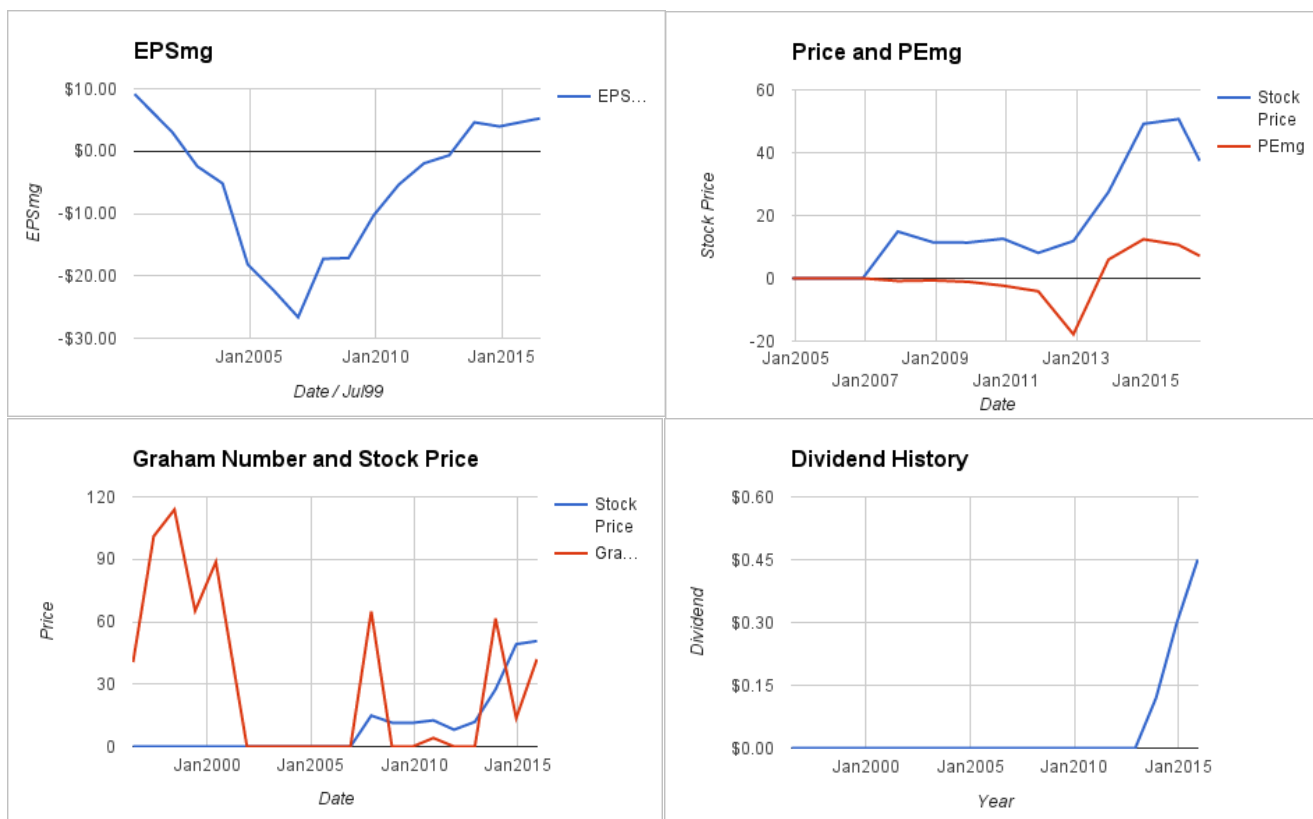
Net Current Asset Value (NCAV)	-\$42.03
Graham Number	\$42.87
PEmg	7.13
Current Ratio	0.51
PB Ratio	2.59
Current Dividend	\$0.50
Dividend Yield	1.32%
Number of Consecutive Years of Dividend Growth	4

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$5.60	Next Fiscal Year Estimate	\$5.24
Dec2015	\$5.63	Dec2015	\$4.77
Dec2014	\$0.78	Dec2014	\$3.96
Dec2013	\$12.29	Dec2013	\$4.61
Dec2012	\$1.19	Dec2012	-\$0.67
Dec2011	\$1.01	Dec2011	-\$1.96
Dec2010	\$0.70	Dec2010	-\$5.37
Dec2009	-\$1.50	Dec2009	-\$10.30
Dec2008	-\$19.08	Dec2008	-\$17.14
Dec2007	\$5.42	Dec2007	-\$17.27
Dec2006	-\$31.58	Dec2006	-\$26.62
Dec2005	-\$23.75	Dec2005	-\$22.21
Dec2004	-\$41.07	Dec2004	-\$18.19
Dec2003	-\$6.40	Dec2003	-\$5.18
Dec2002	-\$10.44	Dec2002	-\$2.45
Dec2001	-\$9.99	Dec2001	\$3.05
Jun2000	\$9.42	Jun2000	\$9.16
Jun1999	\$7.20	Balance Sheet Information 3/1/2016 Total Current Assets \$9,306,000,000 Total Current Liabilities \$18,108,000,000 Long-Term Debt \$6,920,000,000 Total Assets \$53,342,000,000 Intangible Assets \$14,650,000,000 Total Liabilities \$42,090,000,000 Shares Outstanding (Diluted Average) 780,000,000	
Jun1998	\$12.68		
Jun1997	\$11.01		
Jun1996	\$1.42		





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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