

# ModernGraham Valuation

Company Name:

FirstEnergy Corp.

Company Ticker FE

Date of Analysis

7/6/2016



## 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	\$15,149,784,781	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.51	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	-62.49%	Fail
5. Earnings Growth	PEmg < 20	23.00	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.22	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	-5.98	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		Fail

### Suitability

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

## Stage 2: Determination of Intrinsic Value

EPSmg	\$1.55
MG Growth Estimate	-4.25%
<b>MG Value</b>	<b>\$0.00</b>
MG Value based on 3% Growth	\$22.46
MG Value based on 0% Growth	\$13.16
Market Implied Growth Rate	7.25%

### MG Opinion

Current Price	\$35.62
% of Intrinsic Value	N/A
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>C-</b>

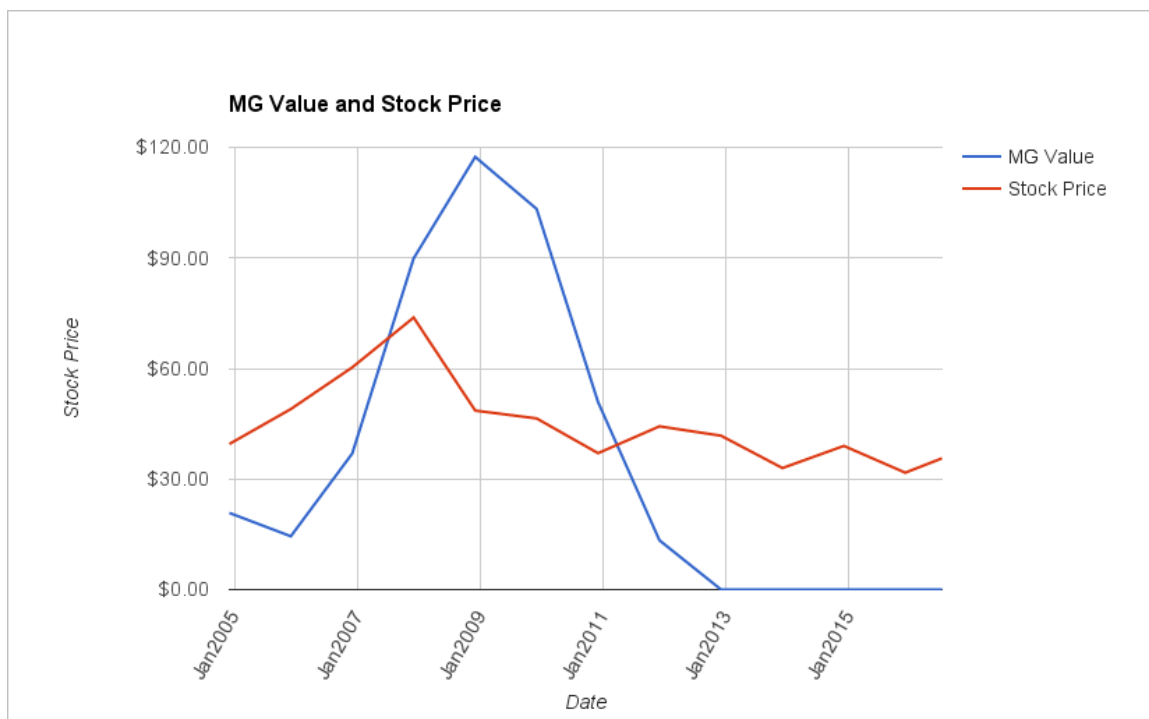
## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$86.86
Graham Number	\$39.64
PEmg	23.00
Current Ratio	0.51
PB Ratio	1.22
Current Dividend	\$1.44
Dividend Yield	4.04%
Number of Consecutive Years of Dividend Growth	0

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<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.38	Next Fiscal Year Estimate	\$1.55
Dec2015	\$1.37	Dec2015	\$1.23
Dec2014	\$0.71	Dec2014	\$1.32
Dec2013	\$0.94	Dec2013	\$1.81
Dec2012	\$1.84	Dec2012	\$2.45
Dec2011	\$2.21	Dec2011	\$2.95
Dec2010	\$2.57	Dec2010	\$3.43
Dec2009	\$3.29	Dec2009	\$3.79
Dec2008	\$4.38	Dec2008	\$3.87
Dec2007	\$4.22	Dec2007	\$3.39
Dec2006	\$3.81	Dec2006	\$2.83
Dec2005	\$2.61	Dec2005	\$2.33
Dec2004	\$2.67	Dec2004	\$2.24
Dec2003	\$1.39	Dec2003	\$2.12
Dec2002	\$2.14	Dec2002	\$2.46
Dec2001	\$2.81	Dec2001	\$2.53
Dec2000	\$2.69	Dec2000	\$2.19
Dec1999	\$2.50	<b>Balance Sheet Information 3/1/2016</b>	
Dec1998	\$1.82	Total Current Assets	\$3,230,000,000
Dec1997	\$1.94	Total Current Liabilities	\$6,389,000,000
Dec1996	\$0.00	Long-Term Debt	\$18,878,000,000
		Total Assets	\$52,695,000,000
		Intangible Assets	\$6,418,000,000
		Total Liabilities	\$40,232,000,000
		Shares Outstanding (Diluted Average)	426,000,000





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.

## Recommended Reading:

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ModernGraham  
posts about the  
company

[47 Companies in the Spotlight This Week – 5/16/15](#)  
[FirstEnergy Corporation Annual Valuation – 2015 \\$FE](#)  
[16 Companies in the Spotlight This Week – 4/26/14](#)  
[FirstEnergy Corp \(FE\) Annual Valuation – 2014](#)

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[WEC Energy Group Inc Valuation – June 2016 \\$WEC](#)  
[CenterPoint Energy Inc Valuation – June 2016 \\$CNP](#)  
[Southern Company Valuation – June 2016 \\$SO](#)  
[CMS Energy Corp Valuation – June 2016 \\$CMS](#)  
[Xcel Energy Inc Valuation – May 2016 \\$XEL](#)  
[PPL Corporation Valuation – January 2016 Update \\$PPL](#)  
[Entergy Corp Valuation – January 2016 Update \\$ETR](#)  
[PPL Corporation Valuation – January 2016 Update \\$PPL](#)  
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