

# ModernGraham Valuation

Company Name:

AT&T Inc.

Company Ticker T

Date of Analysis

7/19/2016



## 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	\$263,066,316,377	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.85	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
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	1.77%	Fail
6. Moderate PEmg Ratio	PEmg < 20	18.37	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.14	Pass

*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	0.85	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-18.71	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

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

## Stage 2: Determination of Intrinsic Value

EPSmg	\$2.33
MG Growth Estimate	5.68%
<b>MG Value</b>	<b>\$46.23</b>
MG Value based on 3% Growth	\$33.77
MG Value based on 0% Growth	\$19.79
Market Implied Growth Rate	4.93%

### MG Opinion

Current Price	\$42.77
% of Intrinsic Value	92.51%
<b>Opinion</b>	<b>Fairly Valued</b>
<b>MG Grade</b>	<b>C-</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$39.13
Graham Number	\$35.35
PEmg	18.37
Current Ratio	0.85
PB Ratio	2.14
Current Dividend	\$1.90
Dividend Yield	4.44%
Number of Consecutive Years of Dividend Growth	13

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.77	Next Fiscal Year Estimate	\$2.33
Dec2015	\$2.37	Dec2015	\$2.00
Dec2014	\$1.19	Dec2014	\$1.86
Dec2013	\$3.39	Dec2013	\$2.18
Dec2012	\$1.25	Dec2012	\$1.69
Dec2011	\$0.66	Dec2011	\$1.95
Dec2010	\$3.35	Dec2010	\$2.50
Dec2009	\$2.12	Dec2009	\$2.02
Dec2008	\$2.16	Dec2008	\$1.92
Dec2007	\$1.94	Dec2007	\$1.84
Dec2006	\$1.89	Dec2006	\$1.82
Dec2005	\$1.42	Dec2005	\$1.82
Dec2004	\$1.77	Dec2004	\$2.05
Dec2003	\$2.56	Dec2003	\$2.20
Dec2002	\$1.69	Dec2002	\$2.05
Dec2001	\$2.13	Dec2001	\$2.12
Dec2000	\$2.32	Dec2000	\$2.03
Dec1999	\$2.36	<b>Balance Sheet Information 3/1/2016</b>	
Dec1998	\$2.03	Total Current Assets	\$38,001,000,000
Dec1997	\$0.80	Total Current Liabilities	\$44,528,000,000
Dec1996	\$1.73	Long-Term Debt	\$122,104,000,000
		Total Assets	\$403,638,000,000
		Intangible Assets	\$225,086,000,000
		Total Liabilities	\$280,206,000,000
		Shares Outstanding (Diluted Average)	6,190,000,000





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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