ModernGraham Valuation

Company Name: Waste Management, Inc.

Company Ticker WM

Date of Analysis 8/26/2016

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	$28,258,554,530	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.81	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	11.51%	Fail
6. Moderate PEmg Ratio	PEmg < 20	31.15	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	5.49	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	0.81	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-16.82	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		$2.05
MG Growth Estimate		0.87%
MG Value		**$21.03**
MG Value based on 3% Growth		$29.77
MG Value based on 0% Growth		$17.45
Market Implied Growth Rate		11.33%

MG Opinion

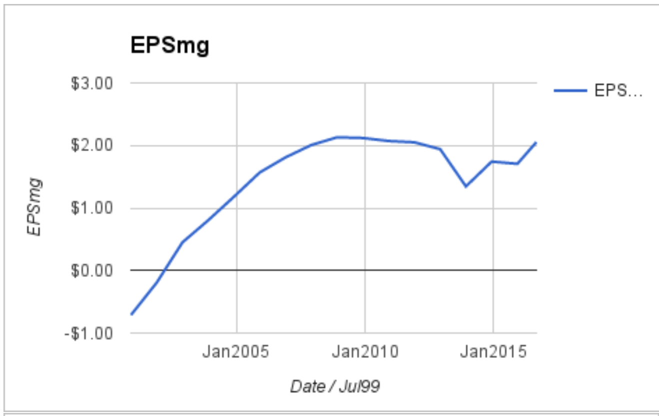
Current Price		$63.97
% of Intrinsic Value		304.19%
Opinion	**Overvalued**	
MG Grade	**D**	

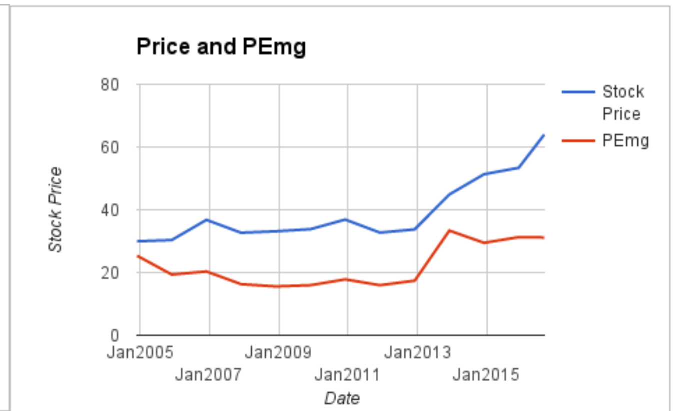
Stage 3: Information for Further Research

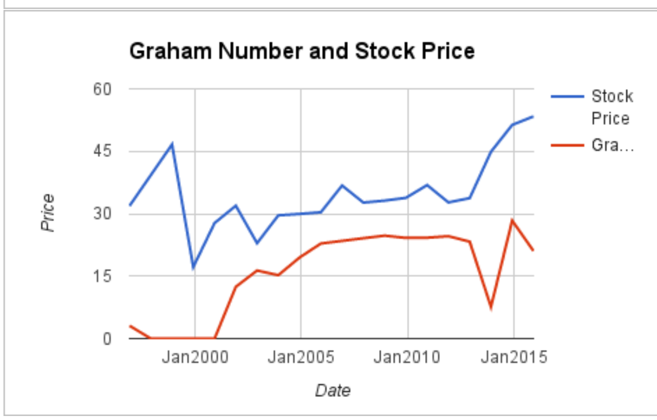
Net Current Asset Value (NCAV)	-$29.70
Graham Number	$26.91
PEmg	31.15
Current Ratio	0.81
PB Ratio	5.49
Current Dividend	$1.59
Dividend Yield	2.49%
Number of Consecutive Years of Dividend Growth	13

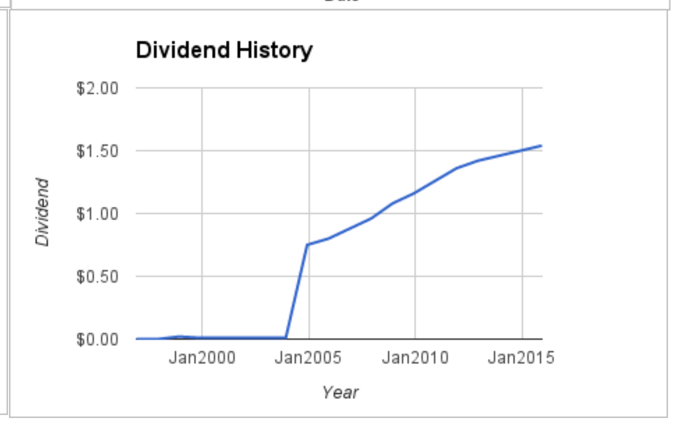
Useful Links:	ModernGraham tagged articles	Morningstar
	Google Finance	MSN Money
	Yahoo Finance	Seeking Alpha
	GuruFocus	SEC Filings

EPS History			**EPSmg History**		
Next Fiscal Year Estimate		$2.73	Next Fiscal Year Estimate		$2.05
	Dec2015	$1.65		Dec2015	$1.71
	Dec2014	$2.79		Dec2014	$1.74
	Dec2013	$0.21		Dec2013	$1.35
	Dec2012	$1.76		Dec2012	$1.94
	Dec2011	$2.04		Dec2011	$2.05
	Dec2010	$1.98		Dec2010	$2.07
	Dec2009	$2.01		Dec2009	$2.12
	Dec2008	$2.19		Dec2008	$2.13
	Dec2007	$2.23		Dec2007	$2.01
	Dec2006	$2.10		Dec2006	$1.81
	Dec2005	$2.09		Dec2005	$1.57
	Dec2004	$1.61		Dec2004	$1.18
	Dec2003	$1.06		Dec2003	$0.80
	Dec2002	$1.33		Dec2002	$0.45
	Dec2001	$0.80		Dec2001	-$0.19
	Dec2000	-$0.16		Dec2000	-$0.71
	Dec1999	-$0.65	**Balance Sheet Information**		**6/1/2016**
	Dec1998	-$1.32	Total Current Assets		$2,276,000,000
	Dec1997	-$1.68	Total Current Liabilities		$2,806,000,000
	Dec1996	$0.04	Long-Term Debt		$8,916,000,000
			Total Assets		$20,752,000,000
			Intangible Assets		$6,862,000,000
			Total Liabilities		$15,544,000,000
			Shares Outstanding (Diluted Average)		446,700,000









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	5 Speculative and Overvalued Companies to Avoid – July 2015 Waste Management Inc. Analysis – 2015 Update $WM
Other ModernGraham posts about related companies	Stericycle Inc. Analysis – October 2015 Update $SRCL Republic Services Inc. Analysis – September 2015 Update $RSG Waste Management Inc. Analysis – 2015 Update $WM Stericycle Inc. Annual Stock Valuation – 2014 $SRCL Republic Services Inc. Annual Stock Valuation – September 2014 $RSG