

ModernGraham Valuation

Company Name:

Frontier
Communications Corp

Company Ticker FTR

Date of Analysis

2/27/2017



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	\$3,929,778,738	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.68	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	-142.31%	Fail
6. Moderate PEmg Ratio	PEmg < 20	-16.82	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	0.82	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	0.68	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-22.88	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		Fail
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	-\$0.20
MG Growth Estimate	-4.25%
MG Value	\$0.00
MG Value based on 3% Growth	-\$2.90
MG Value based on 0% Growth	-\$1.70
Market Implied Growth Rate	-12.66%

MG Opinion

Current Price	\$3.37
% of Intrinsic Value	N/A
Opinion	Overvalued
MG Grade	D+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$19.45
Graham Number	\$0.00
PEmg	-16.82
Current Ratio	0.68
PB Ratio	0.82
Current Dividend	\$0.42
Dividend Yield	12.46%
Number of Consecutive Years of Dividend Growth	2

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	-\$0.52	Next Fiscal Year Estimate	-\$0.20
Dec2015	-\$0.29	Dec2015	-\$0.01
Dec2014	\$0.13	Dec2014	\$0.13
Dec2013	\$0.11	Dec2013	\$0.16
Dec2012	\$0.13	Dec2012	\$0.22
Dec2011	\$0.15	Dec2011	\$0.31
Dec2010	\$0.23	Dec2010	\$0.45
Dec2009	\$0.38	Dec2009	\$0.59
Dec2008	\$0.57	Dec2008	\$0.67
Dec2007	\$0.65	Dec2007	\$0.69
Dec2006	\$1.06	Dec2006	\$0.48
Dec2005	\$0.60	Dec2005	\$0.04
Dec2004	\$0.23	Dec2004	-\$0.30
Dec2003	\$0.64	Dec2003	-\$0.49
Dec2002	-\$2.43	Dec2002	-\$0.85
Dec2001	-\$0.38	Dec2001	-\$0.01
Dec2000	-\$0.11	Dec2000	\$0.21
Dec1999	\$0.55	Balance Sheet Information 9/1/2016	
Dec1998	\$0.22	Total Current Assets	\$1,644,000,000
Dec1997	\$0.04	Total Current Liabilities	\$2,406,000,000
Dec1996	\$0.71	Long-Term Debt	\$17,434,000,000
		Total Assets	\$29,045,000,000
		Intangible Assets	\$12,379,000,000
		Total Liabilities	\$24,288,000,000
		Shares Outstanding (Diluted Average)	1,164,172,000





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

[Frontier Communications Corp Valuation – November 2015 Update \\$FTR](#)

[Frontier Communications Corp Annual Valuation – 2014 \\$FTR](#)

Other
ModernGraham
posts about related
companies

[Windstream Holdings Inc Valuation – August 2016 \\$WIN](#)

[Verizon Communications Inc Valuation – July 2016 \\$VZ](#)

[AT&T Inc Valuation – July 2016 \\$T](#)

[Harris Corporation Valuation – February 2016 \\$HRS](#)

[CenturyLink Inc Valuation – February 2016 \\$CTL](#)

[Frontier Communications Corp Valuation – November 2015 Update \\$FTR](#)

[Harris Corporation Analysis – September 2015 Update \\$HRS](#)

[Arris Group Inc. Analysis – Initial Coverage \\$ARRS](#)

[Level 3 Communications Inc. Analysis – Initial Coverage \\$LVT](#)

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