

ModernGraham Valuation

Company Name:

Company Ticker AWK
Date of Analysis

American Water
Works Company Inc

3/6/2017



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	\$13,685,741,621	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.33	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	-344.67%	Fail
6. Moderate PEmg Ratio	PEmg < 20	28.83	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.65	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	0.33	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-3.58	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
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.68
MG Growth Estimate	8.88%
MG Value	\$70.38
MG Value based on 3% Growth	\$38.87
MG Value based on 0% Growth	\$22.79
Market Implied Growth Rate	10.17%

MG Opinion

Current Price	\$77.29
% of Intrinsic Value	109.82%
Opinion	Fairly Valued
MG Grade	D

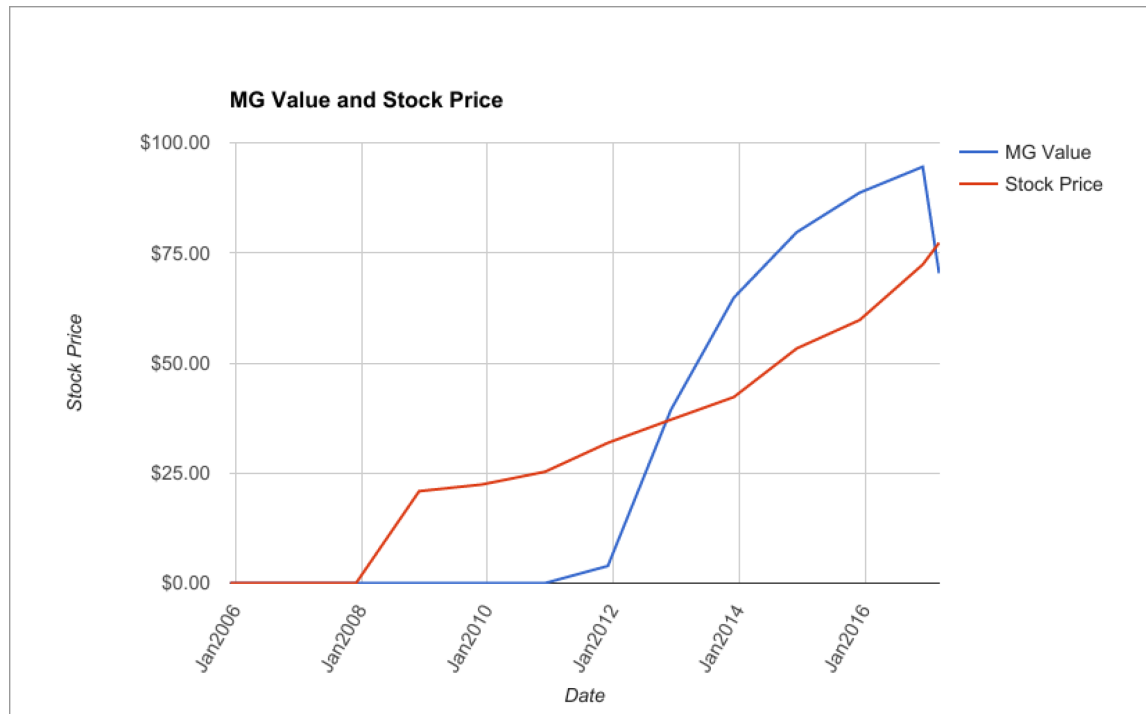
Stage 3: Information for Further Research

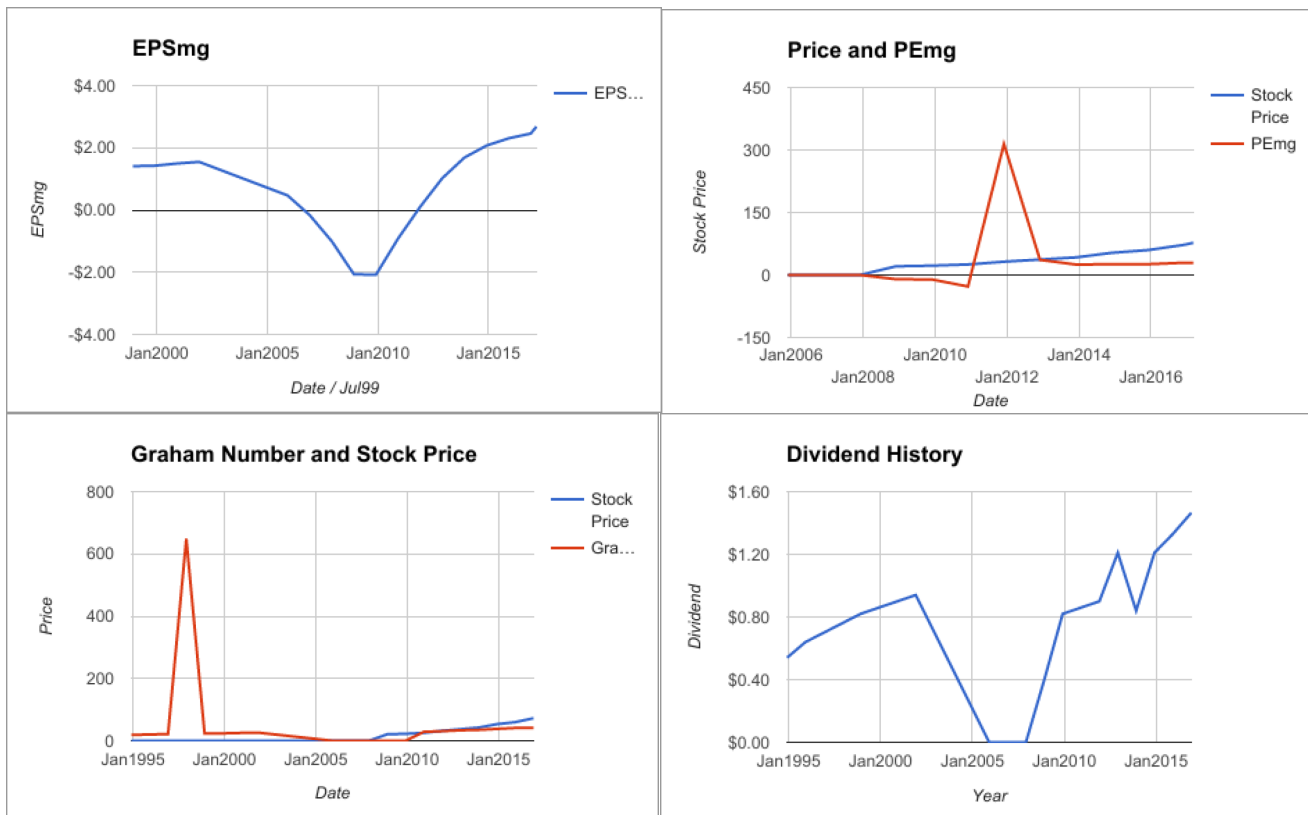
Net Current Asset Value (NCAV)	-\$69.72
Graham Number	\$44.56
PEmg	28.83
Current Ratio	0.33
PB Ratio	2.65
Current Dividend	\$1.47
Dividend Yield	1.90%
Number of Consecutive Years of Dividend Growth	4

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	\$3.01	Next Fiscal Year Estimate	\$2.68
Dec2016	\$2.62	Dec2016	\$2.46
Dec2015	\$2.64	Dec2015	\$2.30
Dec2014	\$2.35	Dec2014	\$2.07
Dec2013	\$2.06	Dec2013	\$1.68
Dec2012	\$2.01	Dec2012	\$1.02
Dec2011	\$1.75	Dec2011	\$0.10
Dec2010	\$1.53	Dec2010	-\$0.92
Dec2009	-\$1.39	Dec2009	-\$2.08
Dec2008	-\$3.52	Dec2008	-\$2.07
Dec2007	-\$2.14	Dec2007	-\$1.00
Dec2006	-\$1.01	Dec2006	-\$0.17
Dec2005	-\$1.72	Dec2005	\$0.47
Dec2001	\$1.61	Dec2001	\$1.55
Dec2000	\$1.61	Dec2000	\$1.49
Dec1999	\$1.40	Dec1999	\$1.42
Dec1998	\$1.54	Dec1998	\$1.41
Dec1997	\$1.42	Balance Sheet Information	12/1/2016
Dec1996	\$1.31	Total Current Assets	\$784,000,000
Dec1995	\$1.32	Total Current Liabilities	\$2,392,000,000
Dec1994	\$1.17	Long-Term Debt	\$5,749,000,000
		Total Assets	\$18,482,000,000
		Intangible Assets	\$1,345,000,000
		Total Liabilities	\$13,264,000,000
		Shares Outstanding (Diluted Average)	179,000,000





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:

Other
ModernGraham
posts about the
company

#N/A

Other
ModernGraham
posts about related
companies

- [Alliant Energy Corp Valuation – Initial Coverage \\$LNT](#)
- [Consolidated Edison Inc Valuation – February 2017 \\$ED](#)
- [Duke Energy Corp Valuation – February 2017 \\$DUK](#)
- [Spire Inc Valuation – Initial Coverage \\$SR](#)
- [Ameren Corp Valuation – February 2017 \\$AEE](#)
- [Sempra Energy Valuation – February 2017 \\$SRE](#)
- [Capital Power Corp Valuation – Initial Coverage \\$TSE:CPX](#)
- [Superior Plus Corp Valuation – Initial Coverage \\$TSE:SPB](#)
- [Energy Company of Minas Valuation – Initial Coverage \\$CIG](#)
- [NextEra Energy Inc Valuation – December 2016 \\$NEE](#)