

# ModernGraham Valuation

## Company Name:

Company Ticker TDS  
Date of Analysis

Telephone & Data  
Systems, Inc.

4/12/2017



## 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	\$2,977,875,621	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.32	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	-30.26%	Fail
5. Earnings Growth	PEmg < 20	57.16	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	0.72	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	2.32	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.08	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 Score		Fail

### Suitability

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

## Stage 2: Determination of Intrinsic Value

EPSmg	\$0.47
MG Growth Estimate	-4.25%
<b>MG Value</b>	<b>\$0.00</b>
MG Value based on 3% Growth	\$6.83
MG Value based on 0% Growth	\$4.01
Market Implied Growth Rate	24.33%

### MG Opinion

Current Price	\$26.94
% 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)	-\$29.21
Graham Number	\$11.65
PEmg	57.16
Current Ratio	2.32
PB Ratio	0.72
Current Dividend	\$0.59
Dividend Yield	2.20%
Number of Consecutive Years of Dividend Growth	20

### Useful Links:

[ModernGraham tagged articles](#)  
[Google Finance](#)  
[Yahoo Finance](#)  
[GuruFocus](#)  
[Morningstar](#)  
[MSN Money](#)  
[Seeking Alpha](#)  
[SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$0.16	Next Fiscal Year Estimate	\$0.47
Dec2016	\$0.39	Dec2016	\$0.63
Dec2015	\$1.98	Dec2015	\$0.80
Dec2014	-\$1.26	Dec2014	\$0.41
Dec2013	\$1.29	Dec2013	\$1.28
Dec2012	\$0.75	Dec2012	\$1.26
Dec2011	\$1.83	Dec2011	\$1.57
Dec2010	\$1.31	Dec2010	\$1.48
Dec2009	\$1.58	Dec2009	\$1.83
Dec2008	\$0.74	Dec2008	\$1.83
Dec2007	\$2.96	Dec2007	\$1.85
Dec2006	\$1.26	Dec2006	\$0.43
Dec2005	\$5.12	Dec2005	-\$0.61
Dec2004	-\$2.03	Dec2004	-\$2.15
Dec2003	-\$3.38	Dec2003	-\$1.05
Dec2002	-\$7.56	Dec2002	\$0.75
Dec2001	-\$1.42	Dec2001	\$4.44
Dec2000	\$16.96	<b>Balance Sheet Information 12/1/2016</b>	
Dec1999	\$1.69	Total Current Assets	\$2,059,000,000
Dec1998	\$0.47	Total Current Liabilities	\$887,000,000
Dec1997	-\$0.10	Long-Term Debt	\$2,433,000,000
		Total Assets	\$9,446,000,000
		Intangible Assets	\$2,938,000,000
		Total Liabilities	\$5,301,000,000
		Shares Outstanding (Diluted Average)	111,000,000





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

[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](#)  
[Windstream Holdings Analysis – 2015 Update \\$WIN](#)