

ModernGraham Valuation

Company Name:

Company Ticker ATO
Date of Analysis

Atmos Energy
Corporation

9/4/2017



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	\$9,350,743,420	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.72	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
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	63.48%	Pass
5. Earnings Growth	PEmg < 20	26.32	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.40	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	0.72	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-14.52	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	\$3.35
MG Growth Estimate	5.96%
MG Value	\$68.41
MG Value based on 3% Growth	\$48.58
MG Value based on 0% Growth	\$28.48
Market Implied Growth Rate	8.91%

MG Opinion

Current Price	\$88.16
% of Intrinsic Value	128.87%
Opinion	Overvalued
MG Grade	D+

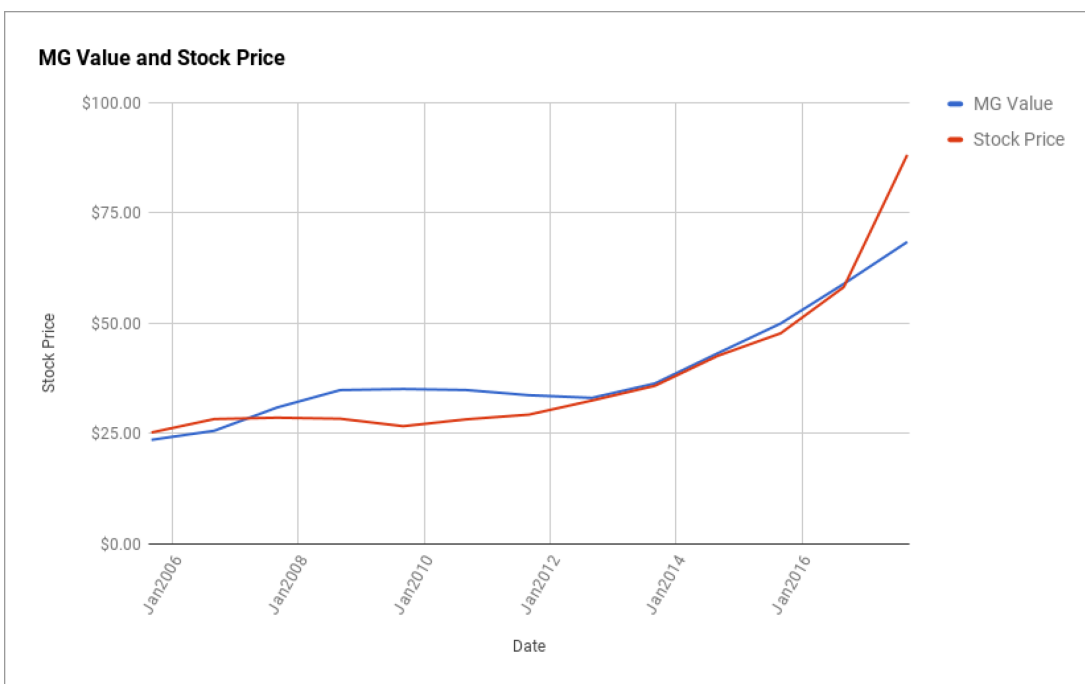
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$57.00
Graham Number	\$53.23
PEmg	26.32
Current Ratio	0.72
PB Ratio	2.40
Current Dividend	\$1.68
Dividend Yield	1.91%
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	\$3.78	Next Fiscal Year Estimate	\$3.35
Sep2016	\$3.38	Sep2016	\$3.05
Sep2015	\$3.09	Sep2015	\$2.81
Sep2014	\$2.96	Sep2014	\$2.61
Sep2013	\$2.64	Sep2013	\$2.40
Sep2012	\$2.37	Sep2012	\$2.24
Sep2011	\$2.27	Sep2011	\$2.15
Sep2010	\$2.20	Sep2010	\$2.06
Sep2009	\$2.07	Sep2009	\$1.96
Sep2008	\$2.00	Sep2008	\$1.86
Sep2007	\$1.92	Sep2007	\$1.74
Sep2006	\$1.82	Sep2006	\$1.61
Sep2005	\$1.69	Sep2005	\$1.50
Sep2004	\$1.37	Sep2004	\$1.39
Sep2003	\$1.39	Sep2003	\$1.33
Sep2002	\$1.43	Sep2002	\$1.29
Sep2001	\$1.47	Sep2001	\$1.21
Sep2000	\$1.12	Balance Sheet Information 6/1/2017	
Sep1999	\$0.58	Total Current Assets	\$534,382,000
Sep1998	\$1.84	Total Current Liabilities	\$745,659,000
Sep1997	\$0.81	Long-Term Debt	\$3,066,734,000
		Total Assets	\$10,498,775,000
		Intangible Assets	\$729,673,000
		Total Liabilities	\$6,597,065,000
		Shares Outstanding (Diluted Average)	106,364,000





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

[PNM Resources Inc Valuation – Initial Coverage \\$PNM](#)
[Public Service Enterprise Group Inc Valuation – July 2017 \\$PEG](#)
[Eversource Energy Valuation – July 2017 \\$ES](#)
[PPL Corp Valuation – June 2017 \\$PPL](#)
[Entergy Corp Valuation – April 2017 \\$ETR](#)
[California Water Service Group Valuation – Initial Coverage \\$CWT](#)
[TransAlta Corporation – Initial Coverage \\$TSE:TA](#)
[Pinnacle West Corp Valuation – March 2017 \\$PNW](#)
[NiSource Inc Valuation – March 2017 \\$NI](#)
[Canadian Utilities Ltd Valuation – Initial Coverage \\$TSE:CU](#)