

ModernGraham Valuation

Company Name:

Company Ticker VZ
Date of Analysis

Verizon
Communications Inc.

2/26/2018



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	\$200,259,753,323	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.91	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	311.24%	Pass
6. Moderate PEmg Ratio	PEmg < 20	10.71	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.66	Pass

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	0.91	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-36.38	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 Score		Pass

Suitability

Defensive	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.58
MG Growth Estimate	15.00%
MG Value	\$176.41
MG Value based on 3% Growth	\$66.44
MG Value based on 0% Growth	\$38.95
Market Implied Growth Rate	1.11%

MG Opinion

Current Price	\$49.09
% of Intrinsic Value	27.83%
Opinion	Undervalued
MG Grade	B+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$45.00
Graham Number	\$29.66
PEmg	10.71
Current Ratio	0.91
PB Ratio	4.66
Current Dividend	\$2.34
Dividend Yield	4.76%
Number of Consecutive Years of Dividend Growth	11

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	\$3.70	Next Fiscal Year Estimate	\$4.58
Dec2017	\$7.36	Dec2017	\$4.77
Dec2016	\$3.21	Dec2016	\$3.27
Dec2015	\$4.37	Dec2015	\$3.00
Dec2014	\$2.42	Dec2014	\$2.11
Dec2013	\$4.00	Dec2013	\$1.82
Dec2012	\$0.31	Dec2012	\$0.69
Dec2011	\$0.85	Dec2011	\$0.89
Dec2010	\$0.90	Dec2010	\$1.00
Dec2009	\$1.72	Dec2009	\$1.21
Dec2008	-\$0.77	Dec2008	\$1.21
Dec2007	\$1.90	Dec2007	\$2.18
Dec2006	\$2.12	Dec2006	\$2.22
Dec2005	\$2.65	Dec2005	\$2.06
Dec2004	\$2.79	Dec2004	\$1.83
Dec2003	\$1.12	Dec2003	\$1.57
Dec2002	\$1.49	Dec2002	\$1.92
Dec2001	\$0.14	Balance Sheet Information 12/1/2017	
Dec2000	\$4.31	Total Current Assets	\$29,913,000,000
Dec1999	\$2.97	Total Current Liabilities	\$33,037,000,000
Dec1998	\$1.86	Long-Term Debt	\$113,642,000,000
		Total Assets	\$257,143,000,000
		Intangible Assets	\$127,836,000,000
		Total Liabilities	\$214,047,000,000
		Shares Outstanding (Diluted Average)	4,092,000,000





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

- [23 Companies in the Spotlight This Week – 3/9/15](#)
- [Verizon Communications Annual Valuation – 2015 \\$VZ](#)
- [5 Most Overvalued Dow Components – February 2015](#)
- [5 Most Overvalued Dow Components – January 2015](#)
- [5 Most Overvalued Dow Components – December 2014](#)

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](#)