ModernGraham Valuation

Company Name:

Chesapeake Energy Corporation



Company Ticker CHK

Date of Analysis 3/14/2018

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.

 Adequate Size of 	f the Enterprise	Market Cap > \$2Bil	\$2,753,318,242 Pass
2. Sufficiently Stron	g Financial Condition	Current Ratio > 2	0.65 Fail
3. Earnings Stability	/	Positive EPS for 10 years prior	Fail
4. Dividend Record		Dividend Payments for 10 years prior	Fail
		Increase of 33% in EPS in past 10 years using 3 year averages at	
Earnings Growth		beginning and end	6.33% Fail
6. Moderate PEmg	Ratio	PEmg < 20	-0.81 Fail
7. Moderate Price to	o Assets	PB Ratio < 2.5 OR PB*PEmg < 50	-5.50 Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

 Sufficiently Strong Financial Condition 	Current Ratio > 1.5	0.65 Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-11.94 Fail
3. Earnings Stability	Positive EPS for 5 years prior	Fail
4. Dividend Record	Currently Pays Dividend	Fail
5. Earnings Growth	EPSmg greater than 5 years ago	Fail
	Score	

Suitability

Defensive No Enterprising No

Stage 2: Determination of Intrinsic Value

EPSmg	-\$3.73
MG Growth Estimate	-4.25%
MG Value	\$0.00
MG Value based on 3% Growth	-\$54.03
MG Value based on 0% Growth	-\$31.67
Market Implied Growth Rate	-4.66%

MG Opinion

Current Price \$3.03

% of Intrinsic Value $$\operatorname{N/A}$$ Opinion Overvalued

MG Grade D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$12.66
Graham Number	\$0.00
PEmg	-0.81
Current Ratio	0.65
PB Ratio	-5.50
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend	0
Growth	0

Morningstar

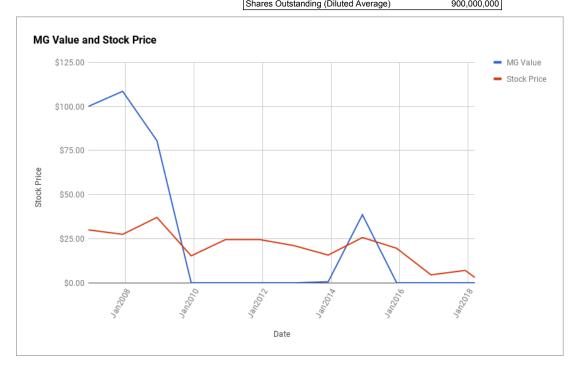
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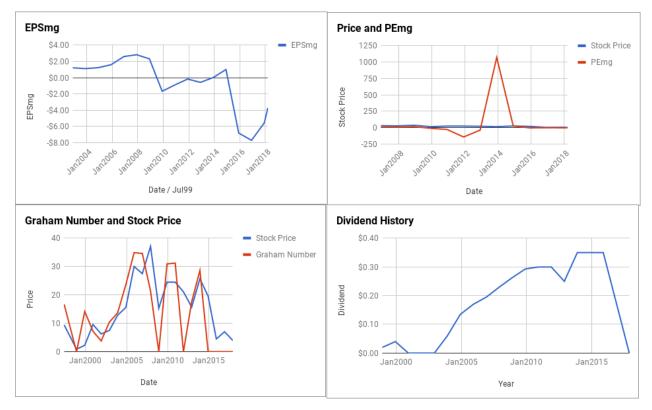
 Google Finance
 MSN Money

 Yahoo Finance
 Seeking Alpha

 GuruFocus
 SEC Filings

EPS History		EPSmg History	
Next Fiscal Year			
Estimate	• • •	Next Fiscal Year Estimate	-\$3.73
Dec2017	\$0.90	Dec2017	-\$5.57
Dec2016	-\$6.43	Dec2016	-\$7.71
Dec2015	-\$22.26	Dec2015	-\$6.82
Dec2014	\$1.87	Dec2014	\$1.00
Dec2013	\$0.73	Dec2013	\$0.01
Dec2012	-\$1.46	Dec2012	-\$0.58
Dec2011	\$2.32	Dec2011	-\$0.17
Dec2010	\$2.51	Dec2010	-\$0.89
Dec2009	-\$9.57	Dec2009	-\$1.67
Dec2008	\$0.93	Dec2008	\$2.32
Dec2007	\$2.62	Dec2007	\$2.82
Dec2006	\$4.35	Dec2006	\$2.60
Dec2005	\$2.51	Dec2005	\$1.59
Dec2004	\$1.53	Dec2004	\$1.23
Dec2003	\$1.21	Dec2003	\$1.11
Dec2002	\$0.17	Dec2002	\$1.21
Dec2001	\$1.25	Balance Sheet Information	12/1/2017
Dec2000	\$3.01	Total Current Assets	\$1,525,000,000
Dec1999	\$0.16	Total Current Liabilities	\$2,356,000,000
Dec1998	\$3.01	Long-Term Debt	\$9,921,000,000
		Total Assets	\$12,425,000,000
		Intangible Assets	\$0
		Total Liabilities	\$12,921,000,000
		Shares Outstanding (Diluted Average)	900,000,000





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.

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Other ModernGraham posts about the company 58 Companies in the Spotlight This Week - 1/31/15

Chesapeake Energy Corporation Annual Valuation - 2015 \$CHK

14 Companies in the Spotlight This Week - 1/11/14

ModernGraham Valuation: Chesapeake Energy Corp (CHK)

Other ModernGraham posts about related companies Williams Companies Inc Valuation - March 2018 \$WMB

Exxon Mobil Corp Valuation – February 2018 \$XOM

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Seven Generations Energy Ltd Valuation - Initial Coverage \$TSE:VII

Pioneer Natural Resources Valuation – September 2017 \$PXD

<u>Gulfport Energy Corp Valuation – Initial Coverage \$GPOR</u>

Schlumberger Limited Valuation – July 2017 \$SLB

<u>Tesco Corporation (USA) Valuation – Initial Coverage \$TESO</u>

Southwestern Energy Company Valuation - July 2017 \$SWN

Apache Corp Valuation - April 2017 \$APA