

ModernGraham Valuation

Chesapeake Energy
Corporation



Company Name:

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.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$2,753,318,242	Pass
2. Sufficiently Strong 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 beginning and end	6.33%	Fail
5. Earnings Growth	PEmg < 20	-0.81	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	-5.50	Fail
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	0.65	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 Score		Fail

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	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 Growth	0

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	\$0.49	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.

Recommended Reading:

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](#)
- [Chevron Corp Valuation – February 2018 \\$CVX](#)
- [Seven Generations Energy Ltd Valuation – Initial Coverage \\$TSE:VII](#)
- [Pioneer Natural Resources Valuation – September 2017 \\$PXD](#)
- [Gulfport Energy Corp Valuation – Initial Coverage \\$GPOR](#)
- [Schlumberger Limited Valuation – July 2017 \\$SLB](#)
- [Tesco Corporation \(USA\) Valuation – Initial Coverage \\$TESO](#)
- [Southwestern Energy Company Valuation – July 2017 \\$SWN](#)
- [Apache Corp Valuation – April 2017 \\$APA](#)