

ModernGraham Valuation

Company Name:

Delta Air Lines, Inc.

Company Ticker DAL

Date of Analysis

3/25/2018



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	\$38,102,631,075	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.42	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	7728.57%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	10.40	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.76	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	0.42	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	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	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$5.18
MG Growth Estimate	4.64%
MG Value	\$92.12
MG Value based on 3% Growth	\$75.12
MG Value based on 0% Growth	\$44.04
Market Implied Growth Rate	0.95%

MG Opinion

Current Price	\$53.90
% of Intrinsic Value	58.51%
Opinion	Undervalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$44.36
Graham Number	\$50.22
PEmg	10.40
Current Ratio	0.42
PB Ratio	2.76
Current Dividend	\$1.02
Dividend Yield	1.88%
Number of Consecutive Years of Dividend Growth	5

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	\$5.70	Next Fiscal Year Estimate	\$5.18
Dec2017	\$4.95	Dec2017	\$5.24
Dec2016	\$5.79	Dec2016	\$5.31
Dec2015	\$5.63	Dec2015	\$4.77
Dec2014	\$0.78	Dec2014	\$3.96
Dec2013	\$12.29	Dec2013	\$4.61
Dec2012	\$1.19	Dec2012	-\$0.67
Dec2011	\$1.01	Dec2011	-\$2.18
Dec2010	\$0.70	Dec2010	-\$5.81
Dec2009	-\$1.50	Dec2009	-\$10.96
Dec2008	-\$19.08	Dec2008	-\$18.02
Dec2007	\$2.11	Dec2007	-\$18.37
Dec2006	-\$31.58	Dec2006	-\$26.62
Dec2005	-\$23.75	Dec2005	-\$22.21
Dec2004	-\$41.07	Dec2004	-\$18.27
Dec2003	-\$6.40	Dec2003	-\$5.35
Dec2002	-\$10.44	Dec2002	-\$3.13
Dec2001	-\$9.99	Balance Sheet Information 12/1/2017	
Jun2000	\$8.15	Total Current Assets	\$7,844,000,000
Jun1999	\$7.20	Total Current Liabilities	\$18,573,000,000
Jun1998	\$6.34	Long-Term Debt	\$0
		Total Assets	\$53,292,000,000
		Intangible Assets	\$14,641,000,000
		Total Liabilities	\$39,382,000,000
		Shares Outstanding (Diluted Average)	711,000,000





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

- [40 Companies in the Spotlight This Week – 2/21/15](#)
- [Delta Air Lines Inc. Annual Valuation – 2015 \\$DAL](#)
- [14 Companies in the Spotlight This Week – 2/22/14](#)
- [Delta Air Lines Inc. \(DAL\) Annual Valuation](#)

Other ModernGraham posts about related companies

- [United Continental Holdings Inc Valuation – Initial Coverage \\$UAL](#)
- [American Airlines Group Inc Valuation – February 2017 \\$AAL](#)
- [Southwest Airlines Co Valuation – February 2017 \\$LUV](#)
- [JetBlue Airways Corporation Valuation – Initial Coverage \\$JBLU](#)
- [SkyWest Inc Valuation – Initial Coverage \\$SKYW](#)
- [Alaska Air Group Inc Valuation – December 2016 \\$ALK](#)
- [American Airlines Group Inc Valuation – August 2016 \\$AAL](#)
- [Delta Air Lines Inc Valuation – July 2016 \\$DAL](#)
- [Southwest Airlines Company Valuation – October 2015 Update \\$LUV](#)
- [Alaska Air Group Inc. Analysis – Initial Coverage \\$ALK](#)