

ModernGraham Valuation

Company Name:

AT&T Inc.

Company Ticker T

Date of Analysis

3/31/2018



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	\$218,945,609,378	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.97	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	67.00%	Pass
5. Earnings Growth	PEmg < 20	11.23	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.56	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	0.97	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-56.16	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	\$3.17
MG Growth Estimate	10.24%
MG Value	\$92.00
MG Value based on 3% Growth	\$46.03
MG Value based on 0% Growth	\$26.98
Market Implied Growth Rate	1.36%

MG Opinion

Current Price	\$35.65
% of Intrinsic Value	38.75%
Opinion	Undervalued
MG Grade	A

Stage 3: Information for Further Research

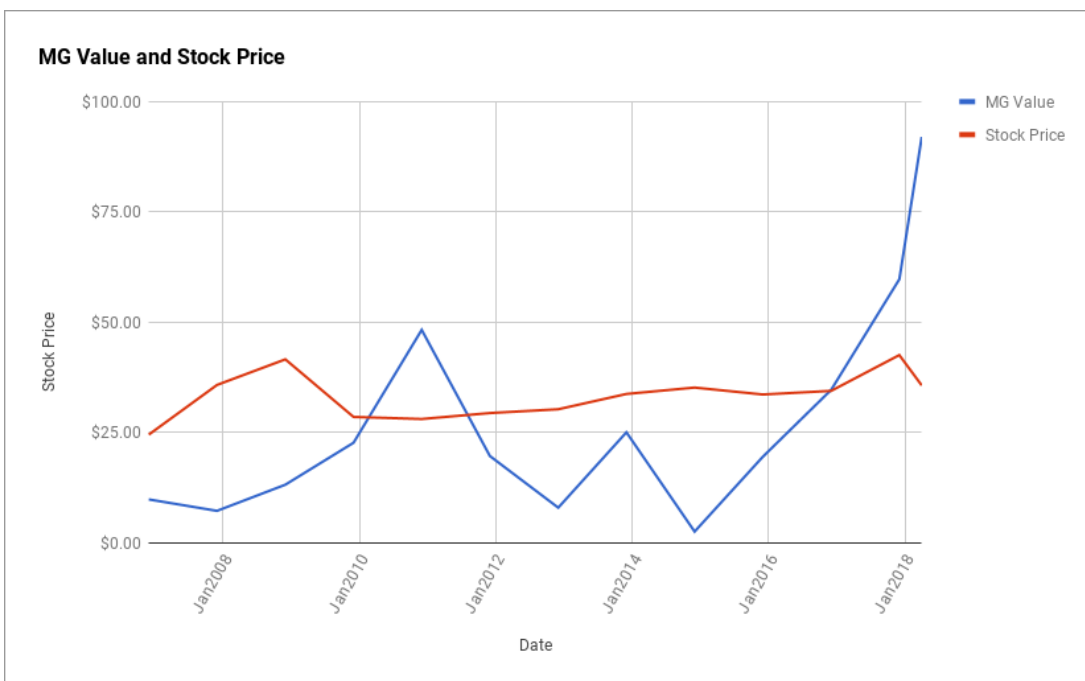
Net Current Asset Value (NCAV)	-\$36.26
Graham Number	\$41.02
PEmg	11.23
Current Ratio	0.97
PB Ratio	1.56
Current Dividend	\$1.97
Dividend Yield	5.53%
Number of Consecutive Years of Dividend Growth	14

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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	\$3.17
Dec2017	\$3.26	Dec2017	\$3.01
Dec2016	\$4.76	Dec2016	\$2.12
Dec2015	\$2.10	Dec2015	\$2.02
Dec2014	\$2.37	Dec2014	\$1.89
Dec2013	\$1.24	Dec2013	\$2.19
Dec2012	\$3.42	Dec2012	\$1.68
Dec2011	\$1.25	Dec2011	\$1.94
Dec2010	\$0.66	Dec2010	\$2.48
Dec2009	\$3.35	Dec2009	\$1.99
Dec2008	\$2.05	Dec2008	\$1.92
Dec2007	\$2.16	Dec2007	\$1.84
Dec2006	\$1.94	Dec2006	\$1.82
Dec2005	\$1.89	Dec2005	\$1.82
Dec2004	\$1.42	Dec2004	\$2.04
Dec2003	\$1.77	Dec2003	\$2.17
Dec2002	\$2.56	Dec2002	\$2.03
Dec2001	\$1.69	Balance Sheet Information 12/1/2017	
Dec2000	\$2.07	Total Current Assets	\$79,146,000,000
Dec1999	\$2.24	Total Current Liabilities	\$81,389,000,000
Dec1998	\$2.36	Long-Term Debt	\$125,972,000,000
	\$2.23	Total Assets	\$444,097,000,000
		Intangible Assets	\$219,725,000,000
		Total Liabilities	\$303,236,000,000
		Shares Outstanding (Diluted Average)	6,180,000,000





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

- [5 Speculative and Overvalued Companies to Avoid – February 2015](#)
- [40 Companies in the Spotlight This Week – 2/21/15](#)
- [5 Most Overvalued Dow Components – February 2015](#)
- [AT&T Inc. Annual Valuation – 2015 \\$T](#)
- [5 Most Overvalued Dow Components – January 2015](#)

Other ModernGraham posts about related companies

- [Spok Holdings Inc Valuation – March 2018 \\$SPOK](#)
- [SBA Communications Corp Valuation – Initial Coverage \\$SBAC](#)
- [Harris Corporation Valuation – February 2018 \\$HRS](#)
- [Verizon Communications Inc Valuation – February 2018 \\$VZ](#)
- [Mitel Networks Corp Valuation – Initial Coverage \\$TSE:MNW](#)
- [ATN International Inc Valuation – Initial Coverage \\$ATNI](#)
- [CenturyLink Inc Valuation – July 2017 \\$CTL](#)
- [Telephone & Data Systems Inc Valuation – Initial Coverage \\$TDS](#)
- [Lumos Networks Corp Valuation – Initial Coverage \\$LMOS](#)
- [Lumentum Holdings Inc Valuation – Initial Coverage \\$LITE](#)