

ModernGraham Valuation

Company Name:

Time Warner Inc

Company Ticker TWX

Date of Analysis

3/22/2018



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	\$73,508,814,519	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.08	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	165.72%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	15.64	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.63	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	1.08	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	16.02	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	\$6.03
MG Growth Estimate	10.09%
MG Value	\$172.92
MG Value based on 3% Growth	\$87.41
MG Value based on 0% Growth	\$51.24
Market Implied Growth Rate	3.57%

MG Opinion

Current Price	\$94.26
% of Intrinsic Value	54.51%
Opinion	Undervalued
MG Grade	B

Stage 3: Information for Further Research

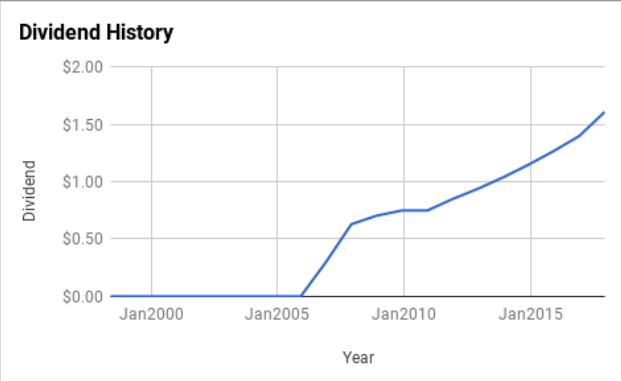
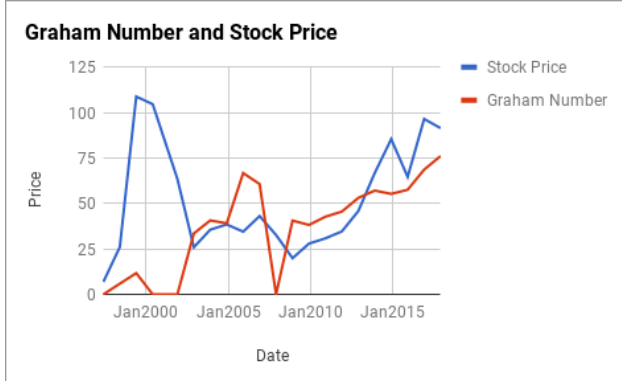
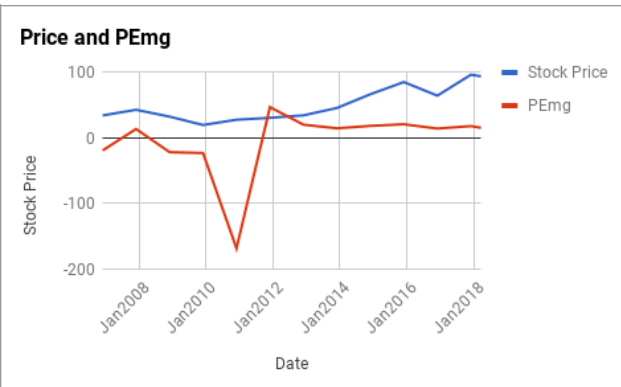
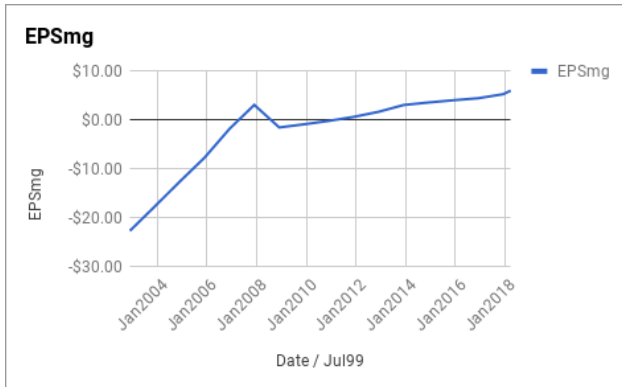
Net Current Asset Value (NCAV)	-\$32.35
Graham Number	\$76.12
PEmg	15.64
Current Ratio	1.08
PB Ratio	2.63
Current Dividend	\$1.61
Dividend Yield	1.71%
Number of Consecutive Years of Dividend Growth	8

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	\$7.08	Next Fiscal Year Estimate	\$6.03
Dec2017	\$6.64	Dec2017	\$5.30
Dec2016	\$4.96	Dec2016	\$4.48
Dec2015	\$4.62	Dec2015	\$4.06
Dec2014	\$4.34	Dec2014	\$3.60
Dec2013	\$3.92	Dec2013	\$3.09
Dec2012	\$3.00	Dec2012	\$1.70
Dec2011	\$2.71	Dec2011	\$0.65
Dec2010	\$2.25	Dec2010	-\$0.17
Dec2009	\$2.07	Dec2009	-\$0.87
Dec2008	-\$11.23	Dec2008	-\$1.52
Dec2007	\$3.51	Dec2007	\$3.11
Dec2006	\$4.65	Dec2006	-\$1.82
Dec2005	\$1.71	Dec2005	-\$7.70
Dec2004	\$1.98	Dec2004	-\$12.63
Dec2003	\$1.41	Dec2003	-\$17.71
Dec2002	-\$66.15	Dec2002	-\$22.71
Dec2001	-\$3.96	Balance Sheet Information 12/1/2017	
Jun2000	\$1.44	Total Current Assets	\$15,219,000,000
Jun1999	\$0.90	Total Current Liabilities	\$14,077,000,000
Jun1998	-\$0.12	Long-Term Debt	\$18,294,000,000
		Total Assets	\$69,209,000,000
		Intangible Assets	\$35,367,000,000
		Total Liabilities	\$40,834,000,000
		Shares Outstanding (Diluted Average)	791,900,000





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

- [34 Companies in the Spotlight This Week – 2/7/15](#)
- [Time Warner Inc. Annual Valuation – 2015 \\$TWX](#)
- [28 Companies in the Spotlight This Week – 11/1/14](#)
- [Time Warner Inc. Quarterly Valuation – October 2014 \\$TWX](#)
- [19 Companies in the Spotlight This Week – 7/26/14](#)

Other ModernGraham posts about related companies

- [Comcast Corporation Valuation – March 2018 \\$CMCSA](#)
- [Viacom Inc Valuation – March 2018 \\$VIAB](#)
- [Twenty-First Century Fox Inc Valuation – March 2018 \\$FOXA](#)
- [Walt Disney Co Valuation – February 2018 \\$DIS](#)
- [Live Nation Entertainment Inc Valuation – Initial Coverage \\$LYV](#)
- [Walt Disney Co Valuation – March 2017 \\$DIS](#)
- [Tegna Inc Valuation – February 2017 \\$TGNA](#)
- [E.W. Scripps Co Valuation – Initial Coverage \\$SSP](#)
- [News Corp Valuation – February 2017 \\$NWSA](#)
- [Cinemark Holdings Inc Valuation – Initial Coverage \\$CNK](#)