

ModernGraham Valuation

Company Name:

Discovery Inc

Company Ticker DISCA

Date of Analysis

4/7/2018



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	\$11,170,821,952	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	5.34	Pass
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	6.81%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	20.70	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.75	Fail

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	5.34	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.82	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	\$1.09
MG Growth Estimate	-2.51%
MG Value	\$3.80
MG Value based on 3% Growth	\$15.84
MG Value based on 0% Growth	\$9.29
Market Implied Growth Rate	6.10%

MG Opinion

Current Price	\$22.62
% of Intrinsic Value	595.15%
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$14.18
Graham Number	\$20.96
PEmg	20.70
Current Ratio	5.34
PB Ratio	2.75
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	\$1.61	Next Fiscal Year Estimate	\$1.09
Dec2017	-\$0.59	Dec2017	\$0.96
Dec2016	\$1.96	Dec2016	\$1.65
Dec2015	\$1.58	Dec2015	\$1.44
Dec2014	\$1.66	Dec2014	\$1.31
Dec2013	\$1.49	Dec2013	\$1.09
Dec2012	\$0.63	Dec2012	\$0.85
Dec2011	\$1.40	Dec2011	\$0.85
Dec2010	\$0.76	Dec2010	\$0.50
Dec2009	\$0.64	Dec2009	\$0.31
Dec2008	\$0.49	Dec2008	\$0.13
Dec2007	-\$0.12	Dec2007	-\$0.04
Dec2006	-\$0.08	Dec2006	-\$0.01
Dec2005	\$0.06	Dec2005	-\$0.07
Dec2004	\$0.12	Dec2004	-\$0.18
Dec2003	-\$0.10	Dec2003	-\$0.31
Dec2002	-\$0.23	Dec2002	-\$0.37
Dec2001	-\$1.09	Balance Sheet Information	
Dec2000	\$0.00	12/1/2017	
Dec1999	\$0.00	Total Current Assets	\$9,991,000,000
Dec1998	\$0.00	Total Current Liabilities	\$1,871,000,000
		Long-Term Debt	\$14,755,000,000
		Total Assets	\$22,555,000,000
		Intangible Assets	\$11,056,000,000
		Total Liabilities	\$17,945,000,000
		Shares Outstanding (Diluted Average)	561,000,000





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

- [Discovery Communications Inc Valuation – August 2016 \\$DISCA](#)
- [Discovery Communications Analysis – 2015 Annual Update \\$DISCA](#)
- [15 Companies in the Spotlight This Week – 5/31/14](#)
- [Discovery Communications 2014 Annual Valuation \\$DISCA](#)

Other ModernGraham posts about related companies

- [Time Warner Inc Valuation – March 2018 \\$TWX](#)
- [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](#)