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	
5. Earnings Growth	beginning and end	6.81% Fail
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.

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

\$22.62

595.15%

Score

Suitability

MG Opinion

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%

% of Intrinsic Value Overvalued

Opinion MG Grade

Stage 3: Information for Further Research

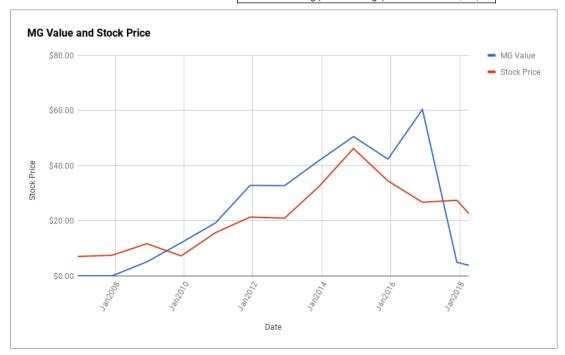
Current Price

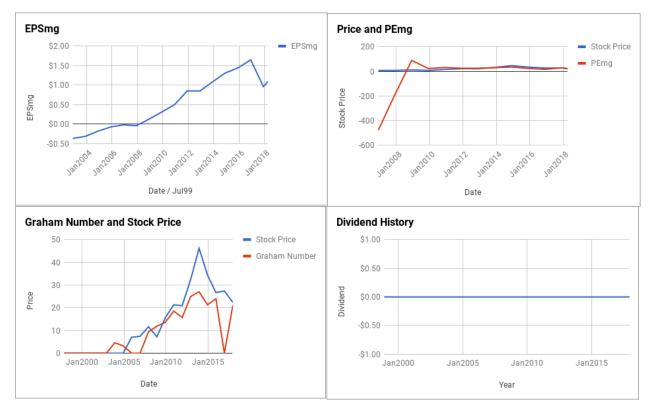
Net Current Asset Value (NCAV)	-\$14.18
Graham Number	\$20.96
PEmg	20.70
Current Ratio	5.34
PB Ratio	2.75
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend	
Growth	0

Useful Links: ModernGraham tagged articles

Morningstar Google Finance MSN Money Yahoo Finance Seeking Alpha <u>GuruFocus</u> SEC Filings

EPS History		EPSmg History	
Next Fiscal Year		<u>-</u>	
Estimate	• •	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	12/1/2017
Dec2000	\$0.00	Total Current Assets	\$9,991,000,000
Dec1999	\$0.00	Total Current Liabilities	\$1,871,000,000
Dec1998	\$0.00	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

<u>Live Nation Entertainment Inc Valuation – Initial Coverage \$LYV</u>

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