

# ModernGraham Valuation

Waste Management,  
Inc.



Company Name:

Company Ticker WM

Date of Analysis

4/10/2018

## 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	\$36,808,027,742	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.80	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	83.42%	Pass
6. Moderate PEmg Ratio	PEmg < 20	24.45	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	6.13	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	0.80	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-13.72	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

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$3.45
MG Growth Estimate	14.67%
<b>MG Value</b>	<b>\$130.35</b>
MG Value based on 3% Growth	\$49.96
MG Value based on 0% Growth	\$29.29
Market Implied Growth Rate	7.98%

### MG Opinion

Current Price	\$84.25
% of Intrinsic Value	64.63%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>C</b>

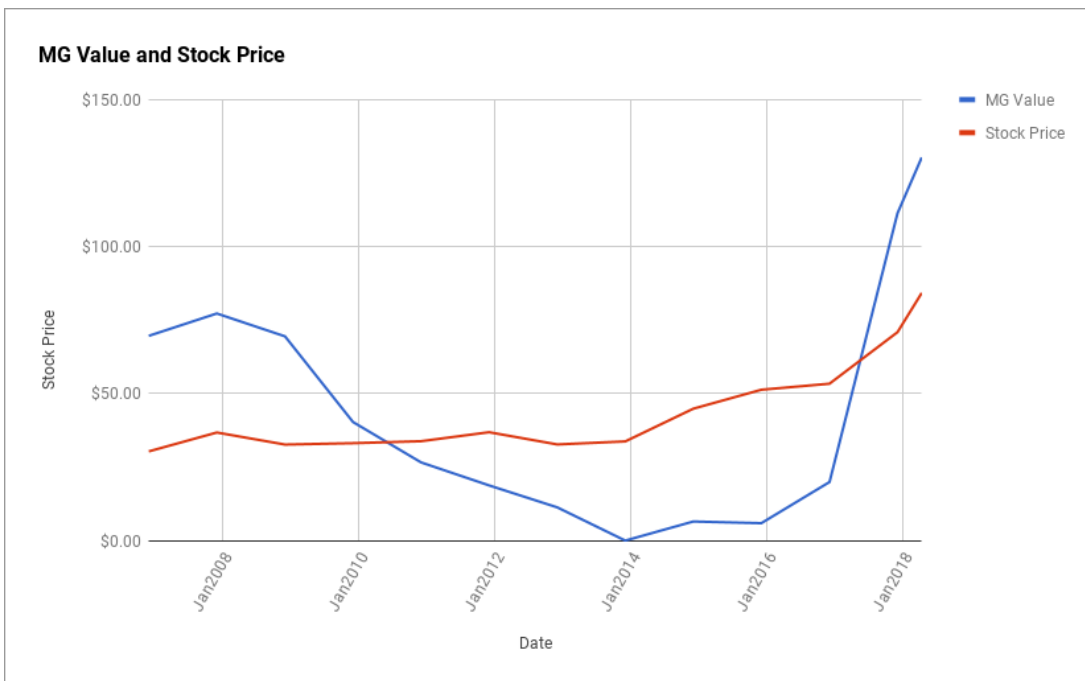
## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$30.11
Graham Number	\$35.36
PEmg	24.45
Current Ratio	0.80
PB Ratio	6.13
Current Dividend	\$1.70
Dividend Yield	2.02%
Number of Consecutive Years of Dividend Growth	14

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.00	Next Fiscal Year Estimate	\$3.45
Dec2017	\$4.41	Dec2017	\$2.89
Dec2016	\$2.65	Dec2016	\$2.03
Dec2015	\$1.65	Dec2015	\$1.71
Dec2014	\$2.79	Dec2014	\$1.74
Dec2013	\$0.21	Dec2013	\$1.35
Dec2012	\$1.76	Dec2012	\$1.94
Dec2011	\$2.04	Dec2011	\$2.05
Dec2010	\$1.98	Dec2010	\$2.07
Dec2009	\$2.01	Dec2009	\$2.12
Dec2008	\$2.19	Dec2008	\$2.13
Dec2007	\$2.23	Dec2007	\$2.01
Dec2006	\$2.10	Dec2006	\$1.81
Dec2005	\$2.09	Dec2005	\$1.57
Dec2004	\$1.61	Dec2004	\$1.18
Dec2003	\$1.06	Dec2003	\$0.80
Dec2002	\$1.33	Dec2002	\$0.45
Dec2001	\$0.80	<b>Balance Sheet Information 12/1/2017</b>	
Dec2000	-\$0.16	Total Current Assets	\$2,624,000,000
Dec1999	-\$0.65	Total Current Liabilities	\$3,262,000,000
Dec1998	-\$1.32	Long-Term Debt	\$8,752,000,000
		Total Assets	\$21,829,000,000
		Intangible Assets	\$6,794,000,000
		Total Liabilities	\$15,810,000,000
		Shares Outstanding (Diluted Average)	437,939,000





**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 – July 2015](#)  
[Waste Management Inc. Analysis – 2015 Update \\$WMM](#)

**Other ModernGraham posts about related companies** [US Ecology Inc Valuation – Initial Coverage \\$ECOL](#)  
[Stericycle Inc Valuation – February 2017 \\$SRCL](#)  
[Republic Services Inc Valuation – January 2017 \\$RSG](#)  
[Clean Harbors Inc Valuation – Initial Coverage \\$CLH](#)  
[Waste Management Inc Valuation – August 2016 \\$WMM](#)  
[Stericycle Inc. Analysis – October 2015 Update \\$SRCL](#)  
[Republic Services Inc. Analysis – September 2015 Update \\$RSG](#)  
[Waste Management Inc. Analysis – 2015 Update \\$WMM](#)  
[Stericycle Inc. Annual Stock Valuation – 2014 \\$SRCL](#)  
[Republic Services Inc. Annual Stock Valuation – September 2014 \\$RSG](#)