# **ModernGraham Valuation**

## **Company Name:**

Alaska Air Group, Inc.



2.28 Pass

Company Ticker ALK

Date of Analysis 5/2/2018

7. Moderate Price to Assets

## 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.

Adequate Size of the Enterprise	Market Cap > \$2Bil	\$7,821,974,491 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.71 Fail
3. Earnings Stability	Positive EPS for 10 years prior	Pass
4. Dividend Record	Dividend Payments for 10 years prior	Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at	
<ol><li>Earnings Growth</li></ol>	beginning and end	368.88% Pass
6. Moderate PEmg Ratio	PEmg < 20	10.03 Pass

PB Ratio < 2.5 OR PB\*PEmg < 50

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	0.71 Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-2.35 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	Pass

26.61%

Score

Suitability

MG Opinion

Defensive No Enterprising No

#### Stage 2: Determination of Intrinsic Value

EPSmg	\$6.32
MG Growth Estimate	14.59%
MG Value	\$238.22
MG Value based on 3% Growth	\$91.65
MG Value based on 0% Growth	\$53.73
Market Implied Growth Rate	0.76%
Current Price	\$63.39

% of Intrinsic Value Opinion Undervalued

MG Grade

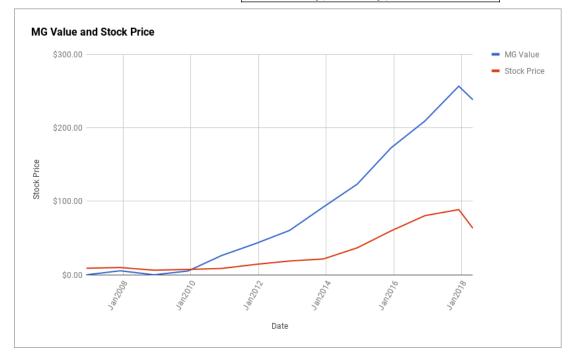
### Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$42.83
Graham Number	\$57.44
PEmg	10.03
Current Ratio	0.71
PB Ratio	2.28
Current Dividend	\$1.20
Dividend Yield	1.89%
Number of Consecutive Years of Dividend	
Growth	5

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Morningstar Google Finance MSN Money Yahoo Finance Seeking Alpha **GuruFocus** SEC Filings

EPS History		EPSmg History	
Next Fiscal Year		l <u>_</u>	
Estimate		Next Fiscal Year Estimate	\$6.32
Dec2017	\$8.35	Dec2017	\$6.67
Dec2016	\$6.54	Dec2016	\$5.44
Dec2015	\$6.56	Dec2015	\$4.49
Dec2014	\$4.42	Dec2014	\$3.20
Dec2013	\$3.58	Dec2013	\$2.40
Dec2012	\$2.20	Dec2012	\$1.57
Dec2011	\$1.67	Dec2011	\$1.10
Dec2010	\$1.71	Dec2010	\$0.68
Dec2009	\$0.84	Dec2009	\$0.13
Dec2008	-\$0.94	Dec2008	-\$0.19
Dec2007	\$0.77	Dec2007	\$0.14
Dec2006	-\$0.35	Dec2006	-\$0.22
Dec2005	-\$0.05	Dec2005	-\$0.21
Dec2004	-\$0.14	Dec2004	-\$0.33
Dec2003	\$0.13	Dec2003	-\$0.34
Dec2002	-\$1.12	Dec2002	-\$0.36
Dec2001	-\$0.41	Balance Sheet Information	3/1/2018
Dec2000	-\$0.64	Total Current Assets	\$2,114,000,000
Dec1999	\$1.27	Total Current Liabilities	\$2,992,000,000
Dec1998	\$1.20	Long-Term Debt	\$2,062,000,000
		Total Assets	\$10,848,000,000
		Intangible Assets	\$2,075,000,000
		Total Liabilities	\$7,409,000,000
		Shares Outstanding (Diluted Average)	123,630,000





#### 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.

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Other ModernGraham posts about the company 8 Best Stocks for Value Investors This Week – 12/27/16 Alaska Air Group Inc Valuation – December 2016 \$ALK Alaska Air Group Inc. Analysis – Initial Coverage \$ALK

Other ModernGraham posts about related companies Delta Air Lines Inc Valuation - March 2018 \$DAL

<u>United Continental Holdings Inc Valuation – Initial Coverage \$UAL</u>
<u>American Airlines Group Inc Valuation – February 2017 \$AAL</u>

Southwest Airlines Co Valuation – February 2017 \$LUV

<u>JetBlue Airways Corporation Valuation – Initial Coverage \$JBLU</u>

<u>SkyWest Inc Valuation – Initial Coverage \$SKYW</u>

Alaska Air Group Inc Valuation - December 2016 \$ALK

American Airlines Group Inc Valuation - August 2016 \$AAL

Delta Air Lines Inc Valuation - July 2016 \$DAL

<u>Southwest Airlines Company Valuation – October 2015 Update \$LUV</u>