

ModernGraham Valuation

Company Name:

Company Ticker ATVI

Date of Analysis

6/28/2018

Activision Blizzard,
Inc.



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	\$59,317,089,612	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.19	Pass
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 beginning and end	208.96%	Pass
5. Earnings Growth	PEmg < 20	53.55	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	5.96	Fail
7. Moderate Price to Assets			

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	2.19	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.26	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	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.42
MG Growth Estimate	6.80%
MG Value	\$31.36
MG Value based on 3% Growth	\$20.58
MG Value based on 0% Growth	\$12.06
Market Implied Growth Rate	22.53%

MG Opinion

Current Price	\$76.01
% of Intrinsic Value	242.35%
Opinion	Overvalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$2.82
Graham Number	\$26.51
PEmg	53.55
Current Ratio	2.19
PB Ratio	5.96
Current Dividend	\$0.30
Dividend Yield	0.39%
Number of Consecutive Years of Dividend Growth	8

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.50	Next Fiscal Year Estimate	\$1.42
Dec2017	\$0.36	Dec2017	\$0.91
Dec2016	\$1.28	Dec2016	\$1.16
Dec2015	\$1.19	Dec2015	\$1.08
Dec2014	\$1.13	Dec2014	\$0.98
Dec2013	\$0.95	Dec2013	\$0.82
Dec2012	\$1.01	Dec2012	\$0.70
Dec2011	\$0.92	Dec2011	\$0.50
Dec2010	\$0.33	Dec2010	\$0.27
Dec2009	\$0.09	Dec2009	\$0.23
Mar2008	\$0.55	Mar2008	\$0.28
Mar2007	\$0.14	Mar2007	\$0.14
Mar2006	\$0.07	Mar2006	\$0.14
Mar2005	\$0.25	Mar2005	\$0.16
Mar2004	\$0.15	Mar2004	\$0.10
Mar2003	\$0.12	Mar2003	\$0.07
Mar2002	\$0.11	Mar2002	\$0.04
Mar2001	\$0.06	Balance Sheet Information 3/1/2018	
Mar2000	-\$0.12	Total Current Assets	\$6,410,000,000
Mar1999	\$0.05	Total Current Liabilities	\$2,927,000,000
Mar1998	\$0.02	Long-Term Debt	\$4,392,000,000
		Total Assets	\$18,397,000,000
		Intangible Assets	\$10,843,000,000
		Total Liabilities	\$8,578,000,000
		Shares Outstanding (Diluted Average)	770,000,000





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.

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