

ModernGraham Valuation

Company Name:

Company Ticker AWK
Date of Analysis

American Water
Works Company Inc

6/6/2018



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	\$14,686,425,386	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.29	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	337.04%	Pass
5. Earnings Growth	PEmg < 20	28.77	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.60	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	0.29	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-3.53	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	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.75
MG Growth Estimate	4.96%
MG Value	\$50.71
MG Value based on 3% Growth	\$39.93
MG Value based on 0% Growth	\$23.41
Market Implied Growth Rate	10.13%

MG Opinion

Current Price	\$79.22
% of Intrinsic Value	156.22%
Opinion	Overvalued
MG Grade	D

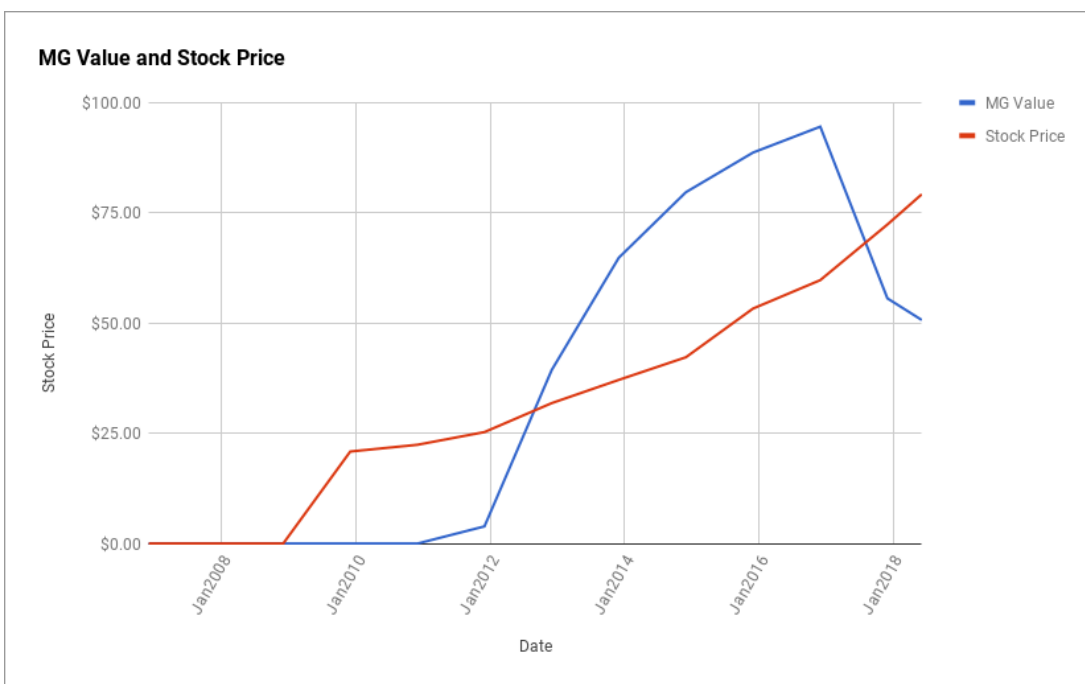
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$75.69
Graham Number	\$47.05
PEmg	28.77
Current Ratio	0.29
PB Ratio	2.60
Current Dividend	\$1.62
Dividend Yield	2.04%
Number of Consecutive Years of Dividend Growth	4

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.26	Next Fiscal Year Estimate	\$2.75
Dec2017	\$2.38	Dec2017	\$2.47
Dec2016	\$2.62	Dec2016	\$2.46
Dec2015	\$2.64	Dec2015	\$2.30
Dec2014	\$2.35	Dec2014	\$2.07
Dec2013	\$2.06	Dec2013	\$1.68
Dec2012	\$2.01	Dec2012	\$1.02
Dec2011	\$1.75	Dec2011	\$0.10
Dec2010	\$1.53	Dec2010	-\$0.92
Dec2009	-\$1.39	Dec2009	-\$2.10
Dec2008	-\$3.52	Dec2008	-\$2.11
Dec2007	-\$2.14	Dec2007	-\$1.07
Dec2006	-\$1.01	Dec2006	-\$0.25
Dec2005	-\$2.03	Dec2005	\$0.36
Dec2001	\$1.61	Dec2001	\$1.55
Dec2000	\$1.61	Dec2000	\$1.49
Dec1999	\$1.40	Dec1999	\$1.42
Dec1998	\$1.54	Balance Sheet Information 3/1/2018	
Dec1997	\$1.42	Total Current Assets	\$729,000,000
Dec1996	\$1.31	Total Current Liabilities	\$2,539,000,000
Dec1995	\$1.32	Long-Term Debt	\$6,396,000,000
		Total Assets	\$19,728,000,000
		Intangible Assets	\$1,379,000,000
		Total Liabilities	\$14,277,000,000
		Shares Outstanding (Diluted Average)	179,000,000





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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