

ModernGraham Valuation

Company Name:

Centurylink Inc

Company Ticker

CTL

Date of Analysis

6/27/2018



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	\$20,228,370,038	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.88	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	-47.38%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	14.39	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	0.86	Pass

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	0.88	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-63.25	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	\$1.30
MG Growth Estimate	5.61%
MG Value	\$25.69
MG Value based on 3% Growth	\$18.89
MG Value based on 0% Growth	\$11.07
Market Implied Growth Rate	2.95%

MG Opinion

Current Price	\$18.75
% of Intrinsic Value	72.98%
Opinion	Undervalued
MG Grade	C

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$44.11
Graham Number	\$16.34
PEmg	14.39
Current Ratio	0.88
PB Ratio	0.86
Current Dividend	\$2.16
Dividend Yield	11.52%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Dec2017	\$0.54	Dec2017	\$1.30
Dec2016	\$2.21	Dec2016	\$1.52
Dec2015	\$1.16	Dec2015	\$1.11
Dec2014	\$1.58	Dec2014	\$1.05
Dec2013	\$1.36	Dec2013	\$0.95
Dec2012	-\$0.40	Dec2012	\$1.05
Dec2011	\$1.25	Dec2011	\$1.99
Dec2010	\$1.07	Dec2010	\$2.55
Dec2009	\$3.13	Dec2009	\$3.31
Dec2008	\$3.23	Dec2008	\$3.33
Dec2007	\$3.52	Dec2007	\$3.27
Dec2006	\$3.72	Dec2006	\$3.03
Dec2005	\$3.07	Dec2005	\$2.86
Dec2004	\$2.49	Dec2004	\$2.76
Dec2003	\$2.41	Dec2003	\$2.75
Dec2002	\$2.35	Dec2002	\$2.72
Dec2001	\$5.61	Dec2001	\$2.67
Dec2000	\$1.05	Balance Sheet Information 3/1/2018	
Dec1999	\$0.90	Total Current Assets	\$4,183,000,000
Dec1998	\$1.70	Total Current Liabilities	\$4,767,000,000
	\$1.64	Long-Term Debt	\$36,940,000,000
		Total Assets	\$74,793,000,000
		Intangible Assets	\$42,706,000,000
		Total Liabilities	\$51,350,000,000
		Shares Outstanding (Diluted Average)	1,069,183,000





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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