

# ModernGraham Valuation

Company Name:

Graham Holdings Co

Company Ticker GHC

Date of Analysis

7/1/2018



## 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	\$3,172,039,297	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.32	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	126.11%	Pass
5. Earnings Growth	PEmg < 20	18.94	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.11	Pass
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	1.32	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.25	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago Score		Fail

### Suitability

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

## Stage 2: Determination of Intrinsic Value

EPSmg	\$30.95
MG Growth Estimate	-4.25%
<b>MG Value</b>	<b>\$0.00</b>
MG Value based on 3% Growth	\$448.78
MG Value based on 0% Growth	\$263.08
Market Implied Growth Rate	5.22%

### MG Opinion

Current Price	\$586.10
% of Intrinsic Value	N/A
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>D</b>

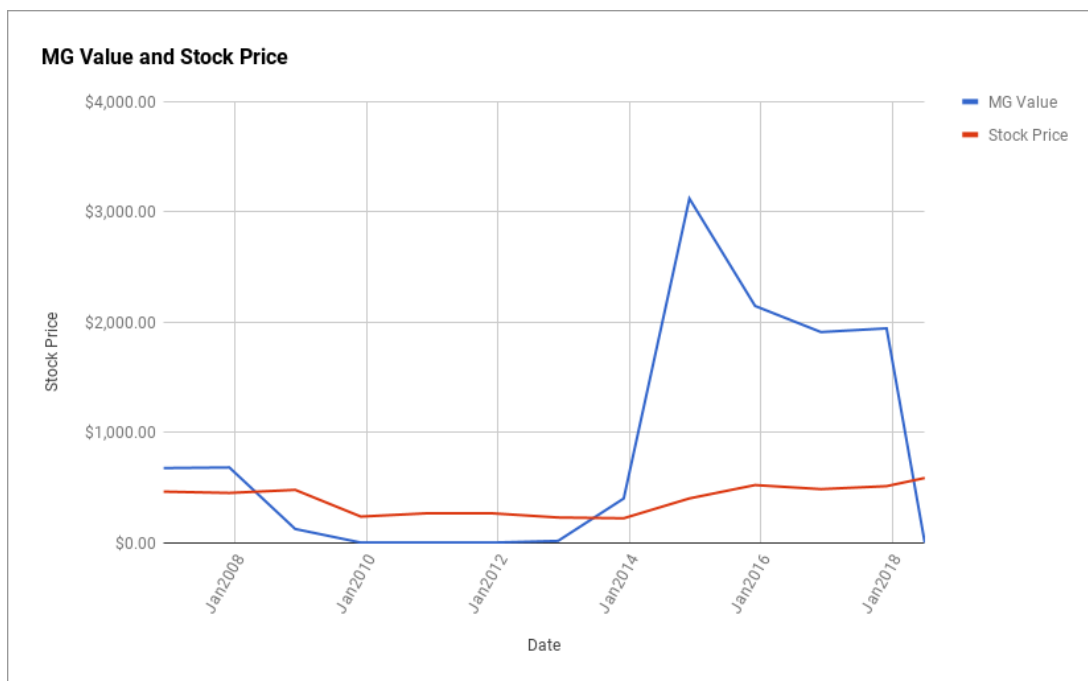
## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$64.79
Graham Number	\$0.00
PEmg	18.94
Current Ratio	1.32
PB Ratio	1.11
Current Dividend	\$5.08
Dividend Yield	0.87%
Number of Consecutive Years of Dividend Growth	1

### 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		Next Fiscal Year Estimate	
Dec2017	\$53.89	Dec2017	\$30.95
Dec2016	\$29.80	Dec2016	\$50.48
Dec2015	-\$17.87	Dec2016	\$49.61
Dec2014	\$195.03	Dec2015	\$55.76
Dec2013	\$32.05	Dec2014	\$81.06
Dec2012	\$17.39	Dec2013	\$23.05
Dec2011	\$14.70	Dec2012	\$17.69
Dec2010	\$31.04	Dec2011	\$18.06
Dec2009	\$9.78	Dec2010	\$20.60
Dec2008	\$6.87	Dec2009	\$17.79
Dec2007	\$30.19	Dec2008	\$23.73
Dec2006	\$33.68	Dec2007	\$31.85
Dec2005	\$32.59	Dec2006	\$31.61
Dec2004	\$34.59	Dec2005	\$29.56
Dec2003	\$25.12	Dec2004	\$26.66
Dec2002	\$21.34	Dec2003	\$22.27
Dec2001	\$24.06	Dec2002	\$22.11
Dec2000	\$14.32	<b>Balance Sheet Information</b>	
Dec1999	\$22.30	<b>3/1/2018</b>	
Dec1998	\$41.10	Total Current Assets	\$1,521,436,000
		Total Current Liabilities	\$1,152,583,000
		Long-Term Debt	\$91,079,000
		Total Assets	\$4,760,958,000
		Intangible Assets	\$1,636,074,000
		Total Liabilities	\$1,876,045,000
		Shares Outstanding (Diluted Average)	5,473,000





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

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[Graham Holdings Co Valuation – August 2016 \\$GHC](#)  
[10 Undervalued Stocks for the Enterprising Investor – August 2016](#)  
[10 Most Undervalued Companies for the Enterprising Investor – July 2016](#)  
[10 Most Undervalued Companies for the Enterprising Investor – June 2016](#)

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[Netflix Inc Valuation – June 2018 \\$NFLX](#)  
[CBS Corporation Valuation – April 2018 \\$CBS](#)  
[Discovery Inc Valuation – April 2018 \\$DISCA](#)  
[Time Warner Inc Valuation – March 2018 \\$TWX](#)  
[Viacom Inc Valuation – March 2018 \\$VIAB](#)  
[Twenty-First Century Fox Inc Valuation – March 2018 \\$FOXA](#)  
[Walt Disney Co Valuation – February 2018 \\$DIS](#)  
[Live Nation Entertainment Inc Valuation – Initial Coverage \\$LYV](#)  
[Walt Disney Co Valuation – March 2017 \\$DIS](#)