

ModernGraham Valuation

Company Name:

Company Ticker VZ

Date of Analysis

11/28/2018

Verizon
Communications 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	\$248,416,727,707	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.97	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
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	335.73%	Pass
5. Earnings Growth	PEmg < 20	12.35	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	4.44	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	0.97	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-105.07	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	\$4.87
MG Growth Estimate	15.00%
MG Value	\$187.32
MG Value based on 3% Growth	\$70.55
MG Value based on 0% Growth	\$41.36
Market Implied Growth Rate	1.93%

MG Opinion

Current Price	\$60.11
% of Intrinsic Value	32.09%
Opinion	Undervalued
MG Grade	C

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$42.59
Graham Number	\$32.89
PEmg	12.35
Current Ratio	0.97
PB Ratio	4.44
Current Dividend	\$2.34
Dividend Yield	3.88%
Number of Consecutive Years of Dividend Growth	11

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.55	Next Fiscal Year Estimate	\$4.87
Dec2017	\$7.36	Dec2017	\$4.77
Dec2016	\$3.21	Dec2016	\$3.27
Dec2015	\$4.37	Dec2015	\$3.00
Dec2014	\$2.42	Dec2014	\$2.11
Dec2013	\$4.00	Dec2013	\$1.82
Dec2012	\$0.31	Dec2012	\$0.69
Dec2011	\$0.85	Dec2011	\$0.89
Dec2010	\$0.90	Dec2010	\$1.00
Dec2009	\$1.72	Dec2009	\$1.21
Dec2008	-\$0.77	Dec2008	\$1.21
Dec2007	\$1.90	Dec2007	\$2.18
Dec2006	\$2.12	Dec2006	\$2.22
Dec2005	\$2.65	Dec2005	\$2.06
Dec2004	\$2.79	Dec2004	\$1.83
Dec2003	\$1.12	Dec2003	\$1.57
Dec2002	\$1.49	Dec2002	\$1.92
Dec2001	\$0.14	Balance Sheet Information 9/1/2018	
Dec2000	\$4.31	Total Current Assets	\$33,154,000,000
Dec1999	\$2.97	Total Current Liabilities	\$34,167,000,000
Dec1998	\$1.86	Long-Term Debt	\$106,440,000,000
		Total Assets	\$265,562,000,000
		Intangible Assets	\$132,937,000,000
		Total Liabilities	\$209,475,000,000
		Shares Outstanding (Diluted Average)	4,140,000,000





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.

Recommended Reading:

Other ModernGraham posts about the company

- [10 Undervalued Companies for the Defensive Dividend Stock Investor – July 2018](#)
- [10 Low PE Stock Picks for the Defensive Investor – June 2018](#)
- [10 Undervalued Companies for the Defensive Dividend Stock Investor – June 2018](#)
- [10 Undervalued Companies for the Defensive Investor – June 2018](#)
- [5 Undervalued Companies for Value Investors with a Low Beta – May 2018](#)

Other ModernGraham posts about related companies

- [Lumentum Holdings Inc Valuation – October 2018 \\$LITE](#)
- [Windstream Holdings Inc Valuation – September 2018 \\$WIN](#)
- [Sierra Wireless Inc Valuation – September 2018 \\$TSE:SW](#)
- [Frontier Communications Corp Valuation – August 2018 \\$FTR](#)
- [Consolidated Communications Holdings Inc Valuation – August 2018 \\$CNSL](#)
- [Comtech Telecommunications Corp Valuation – August 2018 \\$CMTL](#)
- [Shaw Communications Inc Valuation – July 2018 \\$TSE:SJR.B](#)
- [ARRIS International PLC Valuation – July 2018 \\$ARRS](#)
- [Iridium Communications Inc Valuation – July 2018 \\$IRDM](#)
- [CenturyLink Inc Valuation – June 2018 \\$CTL](#)