

ModernGraham Valuation

Company Name:

Alaska Air Group, Inc.

Company Ticker ALK

Date of Analysis

2/23/2019



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	\$7,682,438,587	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.61	Fail
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	210.23%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	10.79	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.07	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	0.61	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-1.40	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		Pass
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$5.78
MG Growth Estimate	4.34%
MG Value	\$99.39
MG Value based on 3% Growth	\$83.87
MG Value based on 0% Growth	\$49.16
Market Implied Growth Rate	1.14%

MG Opinion

Current Price	\$62.40
% of Intrinsic Value	62.78%
Opinion	Undervalued
MG Grade	B-

Stage 3: Information for Further Research

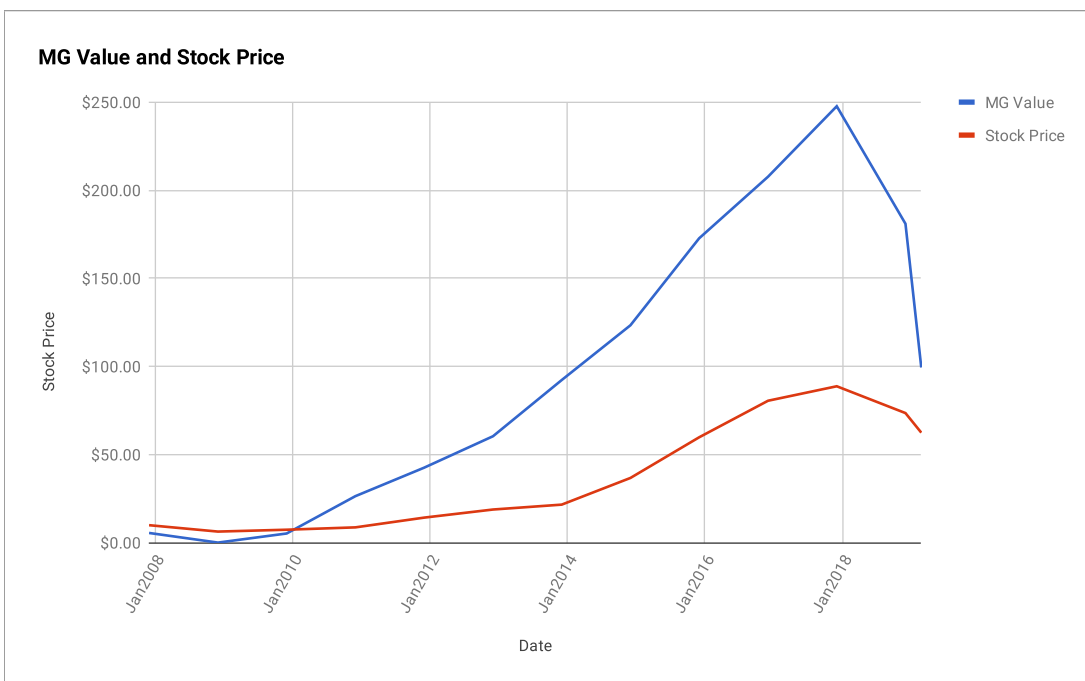
Net Current Asset Value (NCAV)	-\$43.17
Graham Number	\$64.14
PEmg	10.79
Current Ratio	0.61
PB Ratio	2.07
Current Dividend	\$1.28
Dividend Yield	2.05%
Number of Consecutive Years of Dividend Growth	6

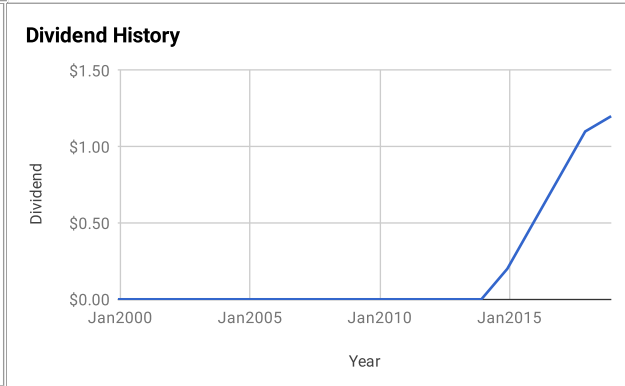
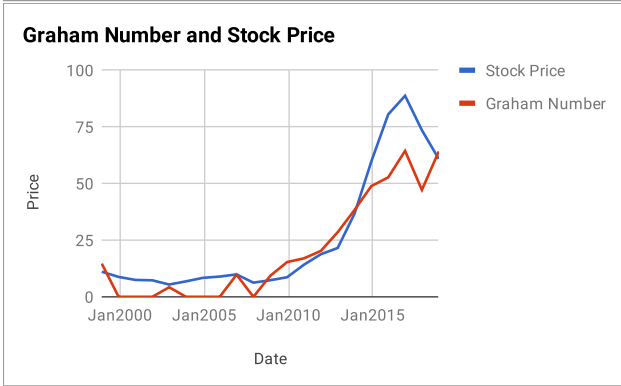
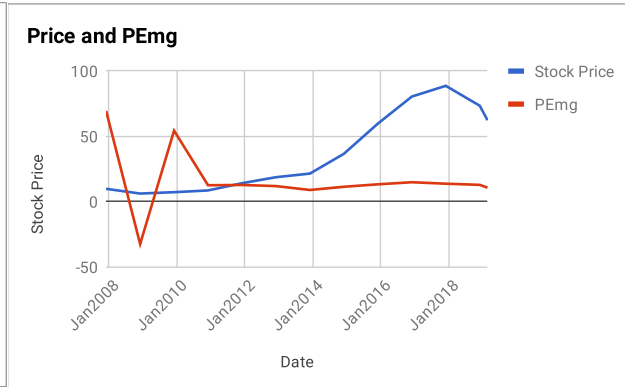
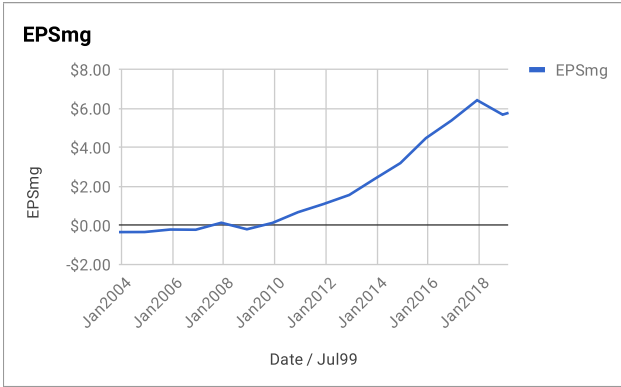
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$6.01	Next Fiscal Year Estimate	\$5.78
Dec2018	\$3.52	Dec2018	\$5.69
Dec2017	\$7.75	Dec2017	\$6.43
Dec2016	\$6.41	Dec2016	\$5.39
Dec2015	\$6.56	Dec2015	\$4.49
Dec2014	\$4.42	Dec2014	\$3.20
Dec2013	\$3.58	Dec2013	\$2.40
Dec2012	\$2.20	Dec2012	\$1.57
Dec2011	\$1.67	Dec2011	\$1.10
Dec2010	\$1.71	Dec2010	\$0.68
Dec2009	\$0.84	Dec2009	\$0.13
Dec2008	-\$0.94	Dec2008	-\$0.19
Dec2007	\$0.77	Dec2007	\$0.14
Dec2006	-\$0.35	Dec2006	-\$0.22
Dec2005	-\$0.05	Dec2005	-\$0.21
Dec2004	-\$0.14	Dec2004	-\$0.33
Dec2003	\$0.13	Dec2003	-\$0.34
Dec2002	-\$1.12	Balance Sheet Information	
Dec2001	-\$0.41	12/1/2018	
Dec2000	-\$0.64	Total Current Assets	\$1,787,000,000
Dec1999	\$1.27	Total Current Liabilities	\$2,942,000,000
		Long-Term Debt	\$1,617,000,000
		Total Assets	\$10,912,000,000
		Intangible Assets	\$2,070,000,000
		Total Liabilities	\$7,161,000,000
		Shares Outstanding (Diluted Average)	124,488,000





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:

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- [8 Best Stocks for Value Investors This Week – 12/27/16](#)
- [Alaska Air Group Inc Valuation – December 2016 \\$ALK](#)
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