

# ModernGraham Valuation

DISCOVERY  
COMMUNICATIONS  
INC. Common Stock



## Company Name:

Company Ticker DISCA

Date of Analysis

2/7/2019

## 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	\$14,184,158,341	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.01	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	-15.77%	Fail
5. Earnings Growth	PEmg < 20	32.01	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.05	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	1.01	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	293.13	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago		Fail
	Score		

### Suitability

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

## Stage 2: Determination of Intrinsic Value

EPSmg	\$0.88
MG Growth Estimate	-4.25%
<b>MG Value</b>	<b>\$0.00</b>
MG Value based on 3% Growth	\$12.80
MG Value based on 0% Growth	\$7.50
Market Implied Growth Rate	11.75%

### MG Opinion

Current Price	\$28.25
% of Intrinsic Value	N/A
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>F</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$26.90
Graham Number	\$16.36
PEmg	32.01
Current Ratio	1.01
PB Ratio	2.05
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

### Useful Links:

[ModernGraham tagged articles](#)      [Morningstar](#)  
[Google Finance](#)                      [MSN Money](#)  
[Yahoo Finance](#)                         [Seeking Alpha](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$0.98	Next Fiscal Year Estimate	\$0.88
Dec2017	-\$0.59	Dec2017	\$0.96
Dec2016	\$1.96	Dec2016	\$1.65
Dec2015	\$1.58	Dec2015	\$1.44
Dec2014	\$1.66	Dec2014	\$1.31
Dec2013	\$1.49	Dec2013	\$1.08
Dec2012	\$0.62	Dec2012	\$0.85
Dec2011	\$1.40	Dec2011	\$0.85
Dec2010	\$0.76	Dec2010	\$0.50
Dec2009	\$0.64	Dec2009	\$0.31
Dec2008	\$0.49	Dec2008	\$0.13
Dec2007	-\$0.12	Dec2007	-\$0.04
Dec2006	-\$0.08	Dec2006	-\$0.01
Dec2005	\$0.06	Dec2005	-\$0.07
Dec2004	\$0.12	Dec2004	-\$0.18
Dec2003	-\$0.10	Dec2003	-\$0.31
Dec2002	-\$0.23	Dec2002	-\$0.37
Dec2001	-\$1.09	<b>Balance Sheet Information 9/1/2018</b>	
Dec2000	\$0.00	Total Current Assets	\$3,914,000,000
Dec1999	\$0.00	Total Current Liabilities	\$3,860,000,000
Dec1998	\$0.00	Long-Term Debt	\$15,829,000,000
		Total Assets	\$32,912,000,000
		Intangible Assets	\$26,294,000,000
		Total Liabilities	\$23,093,000,000
		Shares Outstanding (Diluted Average)	713,000,000





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**
- [Discovery Inc Valuation – April 2018 \\$DISCA](#)
  - [Discovery Communications Inc Valuation – August 2016 \\$DISCA](#)
  - [Discovery Communications Analysis – 2015 Annual Update \\$DISCA](#)
  - [15 Companies in the Spotlight This Week – 5/31/14](#)
  - [Discovery Communications 2014 Annual Valuation \\$DISCA](#)

- Other ModernGraham posts about related companies**
- [Comcast Corp Valuation – January 2019 \\$CMCSA](#)
  - [Viacom Inc Valuation – January 2019 \\$VIAB](#)
  - [Twenty-First Century Fox Inc Valuation – January 2019 \\$FOX](#)
  - [Walt Disney Co Valuation – November 2018 \\$DIS](#)
  - [Tegna Inc Valuation – August 2018 \\$TGNA](#)
  - [E.W. Scripps Co Valuation – August 2018 \\$SSP](#)
  - [Cinemark Holdings Inc Valuation – August 2018 \\$CNK](#)
  - [Corus Entertainment Inc Valuation – July 2018 \\$TSE:CJR.B](#)
  - [AMC Networks Inc Valuation – July 2018 \\$AMCX](#)
  - [International Speedway Corp Valuation – July 2018 \\$ISCA](#)