

# ModernGraham Valuation

## Company Name:

Company Ticker WM

Date of Analysis

2/14/2019

Waste Management,  
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	\$42,195,563,110	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.87	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	87.89%	Pass
5. Earnings Growth	PEmg < 20	28.00	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	6.83	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	0.87	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-24.23	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

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

## Stage 2: Determination of Intrinsic Value

EPSmg	\$3.54
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$136.11</b>
MG Value based on 3% Growth	\$51.26
MG Value based on 0% Growth	\$30.05
Market Implied Growth Rate	9.75%

### MG Opinion

Current Price	\$98.99
% of Intrinsic Value	72.73%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>C-</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$31.74
Graham Number	\$36.53
PEmg	28.00
Current Ratio	0.87
PB Ratio	6.83
Current Dividend	\$1.70
Dividend Yield	1.72%
Number of Consecutive Years of Dividend Growth	14

### Useful Links:

[ModernGraham tagged articles](#)  
[Google Finance](#)  
[Yahoo Finance](#)  
[GuruFocus](#)

[Morningstar](#)  
[MSN Money](#)  
[Seeking Alpha](#)  
[SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
	\$4.27		\$3.54
Dec2017	\$4.41	Dec2017	\$2.89
Dec2016	\$2.65	Dec2016	\$2.03
Dec2015	\$1.65	Dec2015	\$1.71
Dec2014	\$2.79	Dec2014	\$1.74
Dec2013	\$0.21	Dec2013	\$1.35
Dec2012	\$1.76	Dec2012	\$1.94
Dec2011	\$2.04	Dec2011	\$2.05
Dec2010	\$1.98	Dec2010	\$2.07
Dec2009	\$2.01	Dec2009	\$2.12
Dec2008	\$2.19	Dec2008	\$2.13
Dec2007	\$2.23	Dec2007	\$2.01
Dec2006	\$2.10	Dec2006	\$1.81
Dec2005	\$2.09	Dec2005	\$1.57
Dec2004	\$1.61	Dec2004	\$1.18
Dec2003	\$1.06	Dec2003	\$0.80
Dec2002	\$1.33	Dec2002	\$0.45
Dec2001	\$0.80	<b>Balance Sheet Information 9/1/2018</b>	
Dec2000	-\$0.16	Total Current Assets	\$2,675,000,000
Dec1999	-\$0.65	Total Current Liabilities	\$3,070,000,000
Dec1998	-\$1.32	Long-Term Debt	\$9,569,000,000
		Total Assets	\$22,591,000,000
		Intangible Assets	\$6,944,000,000
		Total Liabilities	\$16,350,000,000
		Shares Outstanding (Diluted Average)	430,800,000





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**

- [Waste Management Inc Valuation – April 2018 \\$WM](#)
- [Waste Management Inc Valuation – August 2016 \\$WM](#)
- [5 Speculative and Overvalued Companies to Avoid – July 2015](#)
- [Waste Management Inc. Analysis – 2015 Update \\$WM](#)

**Other ModernGraham posts about related companies**

- [Clean Harbors Inc Valuation – July 2018 \\$CLH](#)
- [Stericycle Inc Valuation – May 2018 \\$SRCL](#)
- [Republic Services Inc Valuation – May 2018 \\$RSG](#)
- [Waste Management Inc Valuation – April 2018 \\$WM](#)
- [US Ecology Inc Valuation – Initial Coverage \\$ECOL](#)
- [Stericycle Inc Valuation – February 2017 \\$SRCL](#)
- [Republic Services Inc Valuation – January 2017 \\$RSG](#)
- [Clean Harbors Inc Valuation – Initial Coverage \\$CLH](#)
- [Waste Management Inc Valuation – August 2016 \\$WM](#)
- [Stericycle Inc. Analysis – October 2015 Update \\$SRCL](#)