

# ModernGraham Valuation

## Company Name:

Company Ticker      AWK  
Date of Analysis

American Water  
Works Company Inc

3/18/2019



## 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	\$19,002,457,263	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.37	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	71.64%	Pass
5. Earnings Growth	PEmg < 20	34.76	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	3.28	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	0.37	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-5.76	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	\$3.02
MG Growth Estimate	4.70%
<b>MG Value</b>	<b>\$54.13</b>
MG Value based on 3% Growth	\$43.86
MG Value based on 0% Growth	\$25.71
Market Implied Growth Rate	13.13%

### MG Opinion

Current Price	\$105.13
% of Intrinsic Value	194.23%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>F</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$79.66
Graham Number	\$50.93
PEmg	34.76
Current Ratio	0.37
PB Ratio	3.28
Current Dividend	\$1.78
Dividend Yield	1.69%
Number of Consecutive Years of Dividend Growth	5

### 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	\$3.55	Next Fiscal Year Estimate	\$3.02
Dec2018	\$3.15	Dec2018	\$2.72
Dec2017	\$2.38	Dec2017	\$2.47
Dec2016	\$2.62	Dec2016	\$2.46
Dec2015	\$2.64	Dec2015	\$2.30
Dec2014	\$2.35	Dec2014	\$2.07
Dec2013	\$2.06	Dec2013	\$1.68
Dec2012	\$2.01	Dec2012	\$1.02
Dec2011	\$1.75	Dec2011	\$0.10
Dec2010	\$1.53	Dec2010	-\$0.92
Dec2009	-\$1.39	Dec2009	-\$2.10
Dec2008	-\$3.52	Dec2008	-\$2.11
Dec2007	-\$2.14	Dec2007	-\$1.07
Dec2006	-\$1.01	Dec2006	-\$0.25
Dec2005	-\$2.03	Dec2005	\$0.36
Dec2001	\$1.61	Dec2001	\$1.55
Dec2000	\$1.61	Dec2000	\$1.49
Dec1999	\$1.40	<b>Balance Sheet Information</b> <b>12/1/2018</b>	
Dec1998	\$1.54	Total Current Assets	\$781,000,000
Dec1997	\$1.42	Total Current Liabilities	\$2,094,000,000
Dec1996	\$1.31	Long-Term Debt	\$7,569,000,000
		Total Assets	\$21,223,000,000
		Intangible Assets	\$1,659,000,000
		Total Liabilities	\$15,359,000,000
		Shares Outstanding (Diluted Average)	183,000,000





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

[American Water Works Co Inc Valuation – June 2018 \\$AWK](#)  
[American Water Works Company Inc Valuation – Initial Coverage \\$AWK](#)

Other  
ModernGraham  
posts about related  
companies

[Alliant Energy Corp Valuation – March 2019 #LNT](#)  
[Consolidated Edison Inc Valuation – March 2019 #ED](#)  
[Duke Energy Corp Valuation – March 2019 #DUK](#)  
[Semptra Energy Valuation – March 2019 #SRE](#)  
[Ameren Corp Valuation – March 2019 #AEE](#)  
[NextEra Energy Inc Valuation – February 2019 \\$NEE](#)  
[Dominion Energy Inc Valuation – February 2019 \\$D](#)  
[Exelon Corp Valuation – January 2019 \\$EXC](#)  
[NRG Energy Inc Valuation – January 2019 \\$NRG](#)  
[DTE Energy Co Valuation – January 2019 \\$DTE](#)