

ModernGraham Valuation



Company Name:

Computer Sciences Corporation

Company Ticker CSC

Date of Analysis

7/17/2016

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	\$6,718,268,312	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.31	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-71.82%	Fail
6. Moderate PEmg Ratio	PEmg < 20	20.43	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.39	Fail

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	1.31	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.41	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.38
MG Growth Estimate	15.00%
MG Value	\$91.60
MG Value based on 3% Growth	\$34.50
MG Value based on 0% Growth	\$20.22
Market Implied Growth Rate	5.97%

MG Opinion

Current Price	\$48.61
% of Intrinsic Value	53.07%
Opinion	Undervalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$16.27
Graham Number	\$29.93
PEmg	20.43
Current Ratio	1.31
PB Ratio	3.39
Current Dividend	\$0.83
Dividend Yield	1.71%
Number of Consecutive Years of Dividend Growth	1

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.72	Next Fiscal Year Estimate	\$2.38
Mar2016	\$1.78	Mar2016	\$0.47
Mar2015	-\$0.05	Mar2015	-\$0.92
Mar2014	\$4.47	Mar2014	-\$1.35
Mar2013	\$6.18	Mar2013	-\$3.10
Mar2012	-\$27.37	Mar2012	-\$5.62
Mar2011	\$4.73	Mar2011	\$5.02
Mar2010	\$5.28	Mar2010	\$4.86
Mar2009	\$7.31	Mar2009	\$4.45
Mar2008	\$3.20	Mar2008	\$3.06
Mar2007	\$2.16	Mar2007	\$3.00
Mar2006	\$3.38	Mar2006	\$3.27
Mar2005	\$4.22	Mar2005	\$3.01
Mar2004	\$2.75	Mar2004	\$2.34
Mar2003	\$2.54	Mar2003	\$2.11
Mar2002	\$2.01	Mar2002	\$1.90
Mar2001	\$1.37	Mar2001	\$1.81
Mar2000	\$2.37	Balance Sheet Information 3/1/2016	
Mar1999	\$2.11	Total Current Assets	\$3,412,000,000
Mar1998	\$1.64	Total Current Liabilities	\$2,608,000,000
Mar1997	\$1.23	Long-Term Debt	\$1,934,000,000
		Total Assets	\$7,736,000,000
		Intangible Assets	\$2,323,000,000
		Total Liabilities	\$5,711,000,000
		Shares Outstanding (Diluted Average)	141,330,000





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

- [58 Companies in the Spotlight This Week – 1/31/15](#)
- [Computer Sciences Corporation Annual Valuation – 2015 \\$CSC](#)
- [14 Companies in the Spotlight This Week – 1/18/14](#)
- [ModernGraham Valuation: Computer Sciences Corp \(CSC\)](#)

Other ModernGraham posts about related companies

- [Infosys Ltd Valuation – July 2016 \\$INFY](#)
- [Cognizant Technology Solutions Corp Valuation – July 2016 \\$CTSH](#)
- [Total System Services Inc Valuation – May 2016 \\$TSS](#)
- [Qualcomm Inc Valuation – February 2016 \\$QCOM](#)
- [Motorola Solutions Inc Valuation – February 2016 Update \\$MSI](#)
- [Cognizant Technology Solutions Corp Valuation – January 2016 Update \\$CTSH](#)
- [Akamai Technologies Inc Valuation – January 2016 \\$AKAM](#)
- [Infosys Ltd Valuation – January 2016 Update \\$INFY](#)
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