

# ModernGraham Valuation

## Company Name:

Company Ticker RSG

Date of Analysis

Republic Services,  
Inc.

9/4/2015



## 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	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	Fail
3. Earnings Stability	Positive EPS for 10 years prior	Pass
4. Dividend Record	Dividend Payments for 10 years prior	Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	Pass
6. Moderate PEmg Ratio	PEmg < 20	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	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	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	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

### Suitability

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

## Stage 2: Determination of Intrinsic Value

EPSmg	\$1.72
MG Growth Estimate	5.12%
<b>MG Value</b>	<b>\$32.21</b>
MG Value based on 3% Growth	\$24.93
MG Value based on 0% Growth	\$14.61
Market Implied Growth Rate	7.44%

### MG Opinion

Current Price	\$40.21
% of Intrinsic Value	124.84%
<b>Opinion</b>	<b>Overvalued</b>

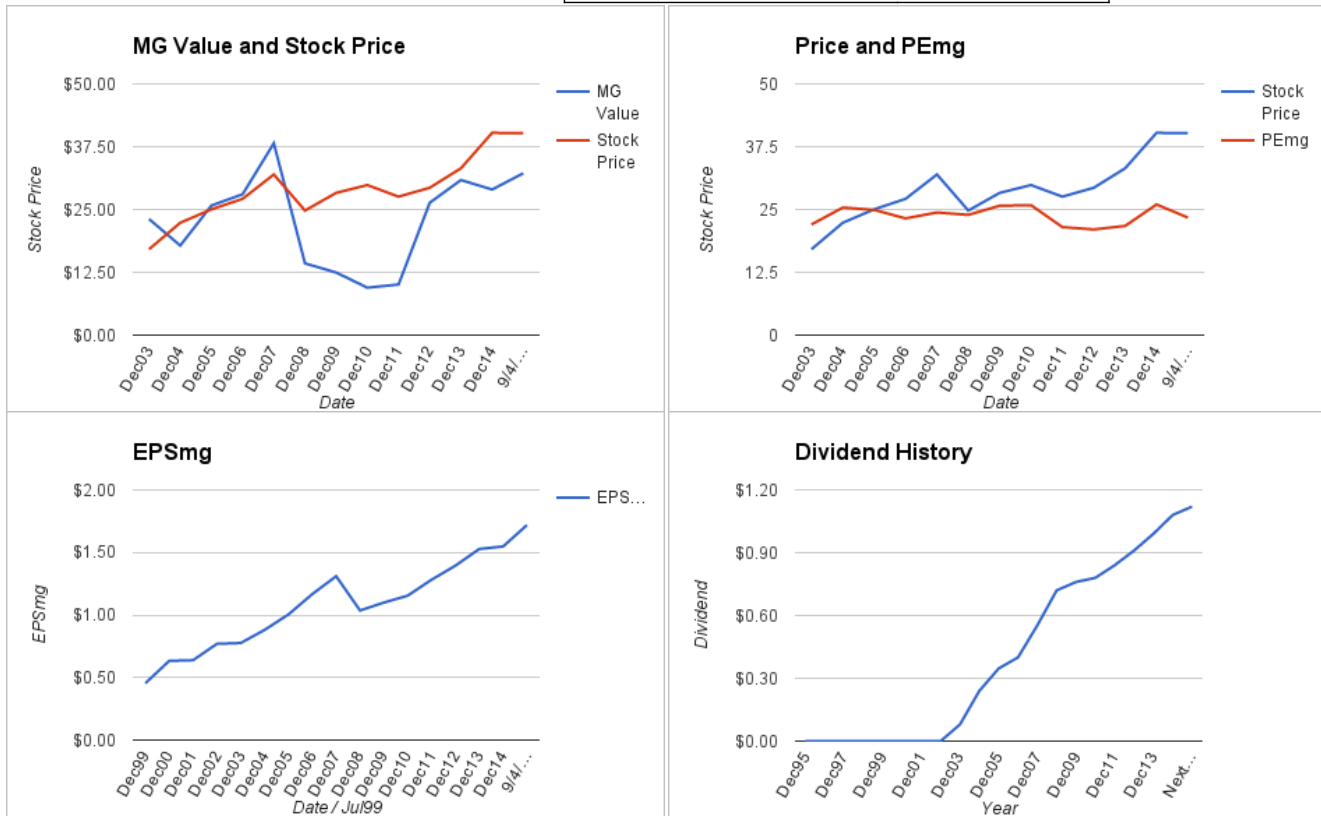
## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$32.85
Graham Number	\$31.74
PEmg	23.39
Current Ratio	0.75
PB Ratio	1.82
Dividend Yield	2.79%
Number of Consecutive Years of Dividend Growth	13

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.03	Next Fiscal Year Estimate	\$1.72
Dec14	\$1.53	Dec14	\$1.55
Dec13	\$1.62	Dec13	\$1.53
Dec12	\$1.55	Dec12	\$1.39
Dec11	\$1.56	Dec11	\$1.28
Dec10	\$1.32	Dec10	\$1.15
Dec09	\$1.30	Dec09	\$1.10
Dec08	\$0.37	Dec08	\$1.04
Dec07	\$1.51	Dec07	\$1.31
Dec06	\$1.39	Dec06	\$1.17
Dec05	\$1.20	Dec05	\$1.00
Dec04	\$1.08	Dec04	\$0.88
Dec03	\$0.78	Dec03	\$0.78
Dec02	\$0.96	Dec02	\$0.77
Dec01	\$0.49	Dec01	\$0.64
Dec00	\$0.84	Dec00	\$0.63
Dec99	\$0.76	Dec99	\$0.45
Dec98	\$0.75	<b>Balance Sheet Information Jun15</b>	
Dec97	\$0.00	Total Current Assets	\$1,340,900,000
Dec96	\$0.00	Total Current Liabilities	\$1,788,200,000
Dec95	\$0.00	Long-Term Debt	\$7,547,500,000
		Total Assets	\$20,666,600,000
		Intangible Assets	\$11,375,100,000
		Total Liabilities	\$12,904,100,000
		Shares Outstanding (Diluted Average)	352,000,000



**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

[20 Companies to Research This Week – 9/6/14](#)  
[Republic Services Inc. Annual Stock Valuation – September 2014 \\$RSG](#)

Other  
ModernGraham  
posts about related  
companies

[Waste Management Inc. Analysis – 2015 Update \\$WM](#)  
[Stericycle Inc. Annual Stock Valuation – 2014 \\$SRCL](#)  
[Republic Services Inc. Annual Stock Valuation – September 2014 \\$RSG](#)