

ModernGraham Valuation

Company Name:

Sempra Energy

Company Ticker SRE

Date of Analysis

10/26/2015



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	\$25,198,292,772	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.80	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	-4.15%	Fail
6. Moderate PEmg Ratio	PEmg < 20	22.76	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.18	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	0.80	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-14.14	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

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.45
MG Growth Estimate	0.16%
MG Value	\$39.29
MG Value based on 3% Growth	\$64.54
MG Value based on 0% Growth	\$37.84
Market Implied Growth Rate	7.13%

MG Opinion

Current Price	\$101.31
% of Intrinsic Value	257.84%
Opinion	Overvalued

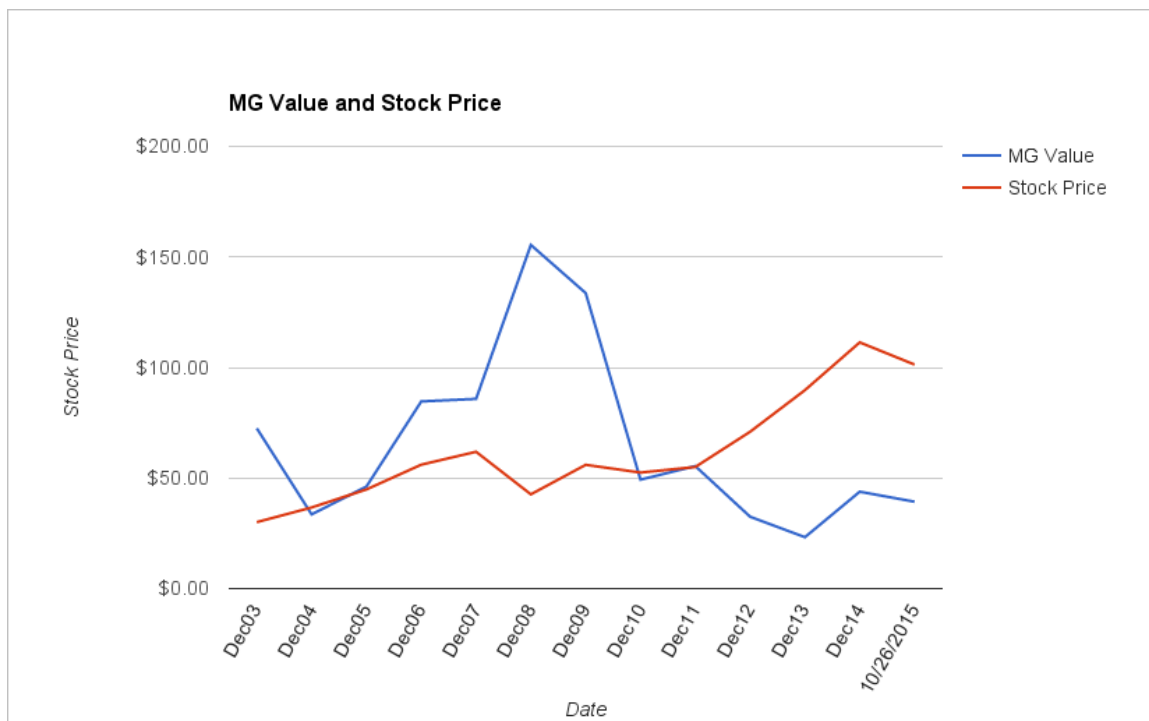
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$98.60
Graham Number	\$71.02
PEmg	22.76
Current Ratio	0.80
PB Ratio	2.18
Dividend Yield	2.68%
Number of Consecutive Years of Dividend Growth	5

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.75	Next Fiscal Year Estimate	\$4.45
Dec14	\$4.63	Dec14	\$4.24
Dec13	\$4.01	Dec13	\$4.07
Dec12	\$3.48	Dec12	\$4.12
Dec11	\$5.51	Dec11	\$4.40
Dec10	\$2.98	Dec10	\$4.00
Dec09	\$4.52	Dec09	\$4.48
Dec08	\$4.43	Dec08	\$4.21
Dec07	\$4.16	Dec07	\$3.88
Dec06	\$5.38	Dec06	\$3.55
Dec05	\$3.65	Dec05	\$2.62
Dec04	\$0.92	Dec04	\$2.16
Dec03	\$3.03	Dec03	\$2.66
Dec02	\$2.87	Dec02	\$2.34
Dec01	\$2.52	Dec01	\$2.01
Dec00	\$2.06	Dec00	\$1.75
Dec99	\$1.66	Dec99	\$1.64
Dec98	\$1.24	Balance Sheet Information Jun15	
Dec97	\$1.82	Total Current Assets	\$3,506,000,000
Dec96	\$1.98	Total Current Liabilities	\$4,399,000,000
Dec95	\$1.94	Long-Term Debt	\$12,626,000,000
		Total Assets	\$40,006,000,000
		Intangible Assets	\$1,295,000,000
		Total Liabilities	\$28,303,000,000
		Shares Outstanding (Diluted Average)	251,491,000





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

[Sempra Energy Annual Valuation – October 2014 \\$SRE](#)

Other ModernGraham posts about related companies

- [Xcel Energy Inc. Analysis – September 2015 Update \\$XEL](#)
- [NextEra Energy Inc. Analysis – August 2015 Update \\$NEE](#)
- [Westar Energy Inc. Analysis – Initial Coverage \\$WR](#)
- [Eversource Energy Analysis – Initial Coverage \\$ES](#)
- [Public Service Enterprise Group Inc. Analysis – 2015 Update \\$PEG](#)
- [Xcel Energy Analysis – June 2015 Update \\$XEL](#)
- [Consolidated Edison Analysis – 2015 Update \\$ED](#)
- [Ameren Corporation Analysis – 2015 Update \\$AEE](#)
- [NextEra Energy Inc. Quarterly Valuation – May 2015 \\$NEE](#)
- [FirstEnergy Corporation Annual Valuation – 2015 \\$FE](#)