

ModernGraham Valuation

Company Name:

Southern Co

Company Ticker SO

Date of Analysis

6/27/2016



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	\$49,117,164,400	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.70	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	14.11%	Fail
5. Earnings Growth	PEmg < 20	21.13	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.31	Pass
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	0.70	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-10.89	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	\$2.47
MG Growth Estimate	0.02%
MG Value	\$21.12
MG Value based on 3% Growth	\$35.82
MG Value based on 0% Growth	\$21.00
Market Implied Growth Rate	6.31%

MG Opinion

Current Price	\$52.20
% of Intrinsic Value	247.15%
Opinion	Overvalued
MG Grade	D+

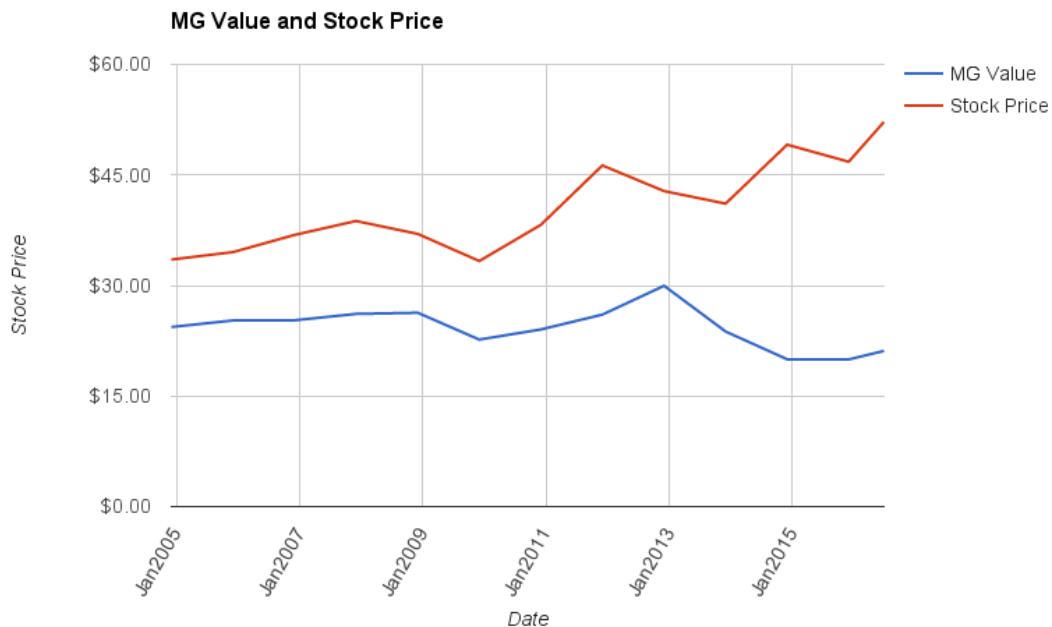
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$56.92
Graham Number	\$37.43
PEmg	21.13
Current Ratio	0.70
PB Ratio	2.31
Current Dividend	\$2.17
Dividend Yield	4.16%
Number of Consecutive Years of Dividend Growth	15

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.75	Next Fiscal Year Estimate	\$2.47
Dec2015	\$2.59	Dec2015	\$2.34
Dec2014	\$2.18	Dec2014	\$2.26
Dec2013	\$1.87	Dec2013	\$2.30
Dec2012	\$2.67	Dec2012	\$2.47
Dec2011	\$2.55	Dec2011	\$2.34
Dec2010	\$2.36	Dec2010	\$2.23
Dec2009	\$2.06	Dec2009	\$2.16
Dec2008	\$2.25	Dec2008	\$2.20
Dec2007	\$2.28	Dec2007	\$2.16
Dec2006	\$2.10	Dec2006	\$2.07
Dec2005	\$2.13	Dec2005	\$2.03
Dec2004	\$2.06	Dec2004	\$1.97
Dec2003	\$2.02	Dec2003	\$1.92
Dec2002	\$1.85	Dec2002	\$1.85
Dec2001	\$1.82	Dec2001	\$1.80
Dec2000	\$2.01	Dec2000	\$1.75
Dec1999	\$1.86	Balance Sheet Information 3/1/2016	
Dec1998	\$1.40	Total Current Assets	\$5,461,000,000
Dec1997	\$1.42	Total Current Liabilities	\$7,856,000,000
Dec1996	\$1.68	Long-Term Debt	\$26,091,000,000
		Total Assets	\$78,735,000,000
		Intangible Assets	\$0
		Total Liabilities	\$57,938,000,000
		Shares Outstanding (Diluted Average)	922,000,000





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.

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[Southern Company Annual Valuation – 2015 \\$SO](#)

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[The Southern Company \(SO\) Annual Valuation](#)

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[Pinnacle West Capital Corp Valuation – December 2015 Update \\$PNW](#)

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