

ModernGraham Valuation

Company Name:

Dollar General Corp.

Company Ticker DG

Date of Analysis

8/4/2016



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	\$26,598,465,332	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.73	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	772.46%	Pass
5. Earnings Growth	PEmg < 20	23.89	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	4.96	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	1.73	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.04	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	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.90
MG Growth Estimate	13.28%
MG Value	\$136.62
MG Value based on 3% Growth	\$56.51
MG Value based on 0% Growth	\$33.13
Market Implied Growth Rate	7.70%

MG Opinion

Current Price	\$93.12
% of Intrinsic Value	68.16%
Opinion	Undervalued
MG Grade	B-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$8.54
Graham Number	\$44.12
PEmg	23.89
Current Ratio	1.73
PB Ratio	4.96
Current Dividend	\$0.91
Dividend Yield	0.98%
Number of Consecutive Years of Dividend Growth	2

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.60	Next Fiscal Year Estimate	\$3.90
Jan2016	\$3.95	Jan2016	\$3.41
Jan2015	\$3.49	Jan2015	\$3.00
Jan2014	\$3.17	Jan2014	\$2.57
Jan2013	\$2.85	Jan2013	\$2.07
Jan2012	\$2.22	Jan2012	\$1.48
Jan2011	\$1.82	Jan2011	\$0.98
Jan2010	\$1.04	Jan2010	\$0.57
Jan2009	\$0.34	Jan2009	\$0.41
Jan2008	\$0.00	Jan2008	\$0.53
Jan2007	\$0.44	Jan2007	\$0.81
Jan2006	\$1.08	Jan2006	\$0.96
Jan2005	\$1.04	Jan2005	\$0.84
Jan2004	\$0.89	Jan2004	\$0.71
Jan2003	\$0.79	Jan2003	\$0.64
Jan2002	\$0.62	Jan2002	\$0.59
Jan2001	\$0.21	Jan2001	\$0.65
Jan2000	\$0.81	Balance Sheet Information 4/1/2016	
Jan1999	\$0.85	Total Current Assets	\$3,477,346,000
Jan1998	\$0.84	Total Current Liabilities	\$2,011,594,000
Jan1997	\$1.30	Long-Term Debt	\$2,989,663,000
		Total Assets	\$11,316,384,000
		Intangible Assets	\$5,539,493,000
		Total Liabilities	\$5,928,001,000
		Shares Outstanding (Diluted Average)	286,978,000





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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