

ModernGraham Valuation



Company Name:

Public Service
Enterprise Group Inc.

Company Ticker PEG

Date of Analysis

8/25/2016

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	\$21,937,118,954	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.12	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	8.64%	Fail
6. Moderate PEmg Ratio	PEmg < 20	15.51	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.66	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	1.12	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	27.84	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		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.81
MG Growth Estimate	-0.04%
MG Value	\$23.63
MG Value based on 3% Growth	\$40.73
MG Value based on 0% Growth	\$23.87
Market Implied Growth Rate	3.50%

MG Opinion

Current Price	\$43.56
% of Intrinsic Value	184.31%
Opinion	Overvalued
MG Grade	D+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$43.78
Graham Number	\$38.59
PEmg	15.51
Current Ratio	1.12
PB Ratio	1.66
Current Dividend	\$1.60
Dividend Yield	3.67%
Number of Consecutive Years of Dividend Growth	5

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[Google Finance](#) [MSN Money](#)
[Yahoo Finance](#) [Seeking Alpha](#)
[GuruFocus](#) [SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.51	Next Fiscal Year Estimate	\$2.81
Dec2015	\$3.30	Dec2015	\$2.92
Dec2014	\$2.99	Dec2014	\$2.75
Dec2013	\$2.45	Dec2013	\$2.70
Dec2012	\$2.51	Dec2012	\$2.82
Dec2011	\$2.96	Dec2011	\$2.92
Dec2010	\$3.08	Dec2010	\$2.78
Dec2009	\$3.14	Dec2009	\$2.48
Dec2008	\$2.34	Dec2008	\$2.05
Dec2007	\$2.62	Dec2007	\$1.90
Dec2006	\$1.46	Dec2006	\$1.53
Dec2005	\$1.35	Dec2005	\$1.56
Dec2004	\$1.52	Dec2004	\$1.66
Dec2003	\$2.54	Dec2003	\$1.59
Dec2002	\$0.57	Dec2002	\$1.10
Dec2001	\$1.84	Dec2001	\$1.32
Dec2000	\$1.79	Dec2000	\$1.07
Dec1999	-\$0.19	Balance Sheet Information	
Dec1998	\$1.40	6/1/2016	
Dec1997	\$1.21	Total Current Assets	\$3,489,000,000
Dec1996	\$1.26	Total Current Liabilities	\$3,120,000,000
		Long-Term Debt	\$10,273,000,000
		Total Assets	\$39,045,000,000
		Intangible Assets	\$147,000,000
		Total Liabilities	\$25,727,000,000
		Shares Outstanding (Diluted Average)	508,000,000





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

- [Public Service Enterprise Group Inc. Analysis – 2015 Update \\$PEG](#)
- [Public Service Enterprise Group Inc. Annual Valuation – 2014 \\$PEG](#)

Other ModernGraham posts about related companies

- [NiSource Inc Valuation – August 2016 \\$NI](#)
- [Consolidated Edison Inc Valuation – August 2016 \\$ED](#)
- [Ameren Corp Valuation – August 2016 \\$AEE](#)
- [PG&E Corp Valuation – July 2016 \\$PCG](#)
- [SCANA Corporation Valuation – July 2016 \\$SCG](#)
- [Exelon Corporation Valuation – July 2016 \\$EXC](#)
- [DTE Energy Co Valuation – July 2016 \\$DTE](#)
- [AES Corporation Valuation – July 2016 \\$AES](#)
- [FirstEnergy Corp Valuation – July 2016 \\$FE](#)
- [Edison International Valuation – July 2016 \\$EIX](#)