

ModernGraham Valuation

Company Name:

Company Ticker SCHW
Date of Analysis

Charles Schwab
Corp

8/17/2016



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass all 6 of the following tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$39,743,346,963	Pass
2. Earnings Stability	Positive EPS for 10 years prior		Pass
3. Dividend Record	Dividend Payments for 10 years prior		Pass
4. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-14.05%	Fail
5. Moderate PEmg Ratio	PEmg < 20	29.67	Fail
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.68	Fail

Enterprising Investor; must pass all 3 of the following tests, or be suitable for the Defensive Investor.

1. Earnings Stability	Positive EPS for 5 years prior		Pass
2. Dividend Record	Currently Pays Dividend		Pass
3. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	1.01
MG Growth Estimate	8.30%
MG Value	\$25.46
MG Value based on 3% Growth	\$14.71
MG Value based on 0% Growth	\$8.62
Market Implied Growth Rate	10.59%

MG Opinion

Current Price	\$30.11
% of Intrinsic Value	118.26%
Opinion	Overvalued
MG Grade	C-

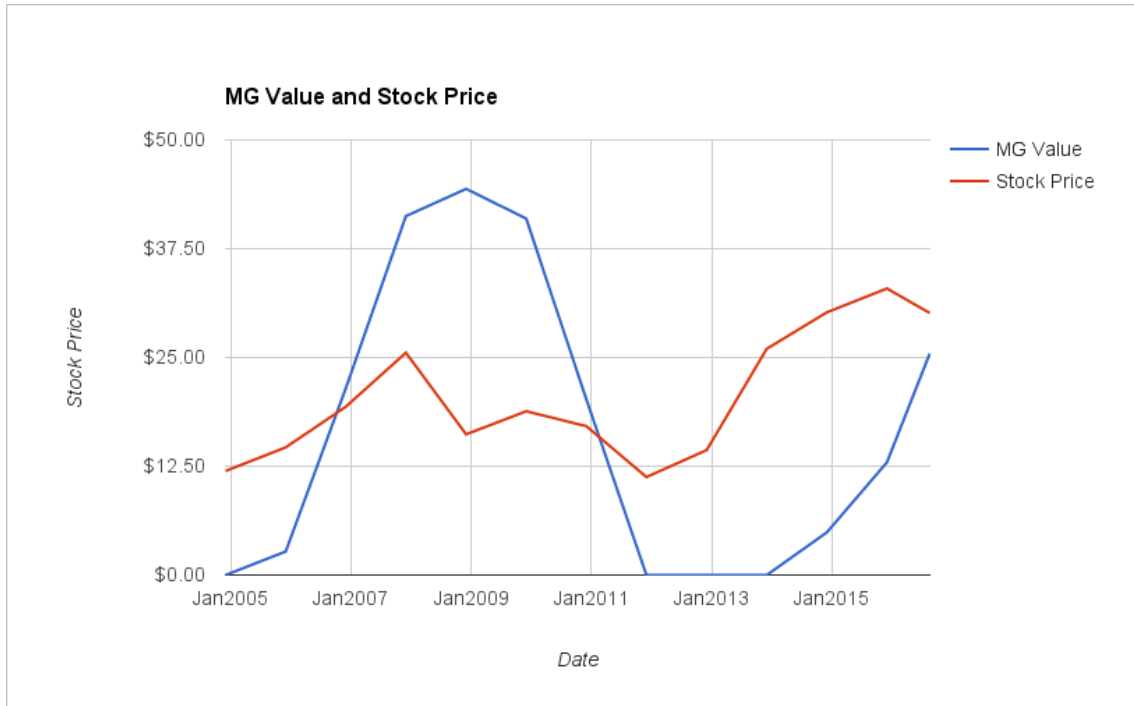
Stage 3: Information for Further Research

Graham Number	\$16.17
PEmg	29.67
PB Ratio	2.68
Dividend Yield	0.83%
Number of Consecutive Years of Dividend Growth	1

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	\$1.20	Next Fiscal Year Estimate	\$1.01
Dec2015	\$1.03	Dec2015	\$0.89
Dec2014	\$0.95	Dec2014	\$0.78
Dec2013	\$0.78	Dec2013	\$0.68
Dec2012	\$0.69	Dec2012	\$0.65
Dec2011	\$0.70	Dec2011	\$0.74
Dec2010	\$0.38	Dec2010	\$0.84
Dec2009	\$0.68	Dec2009	\$1.06
Dec2008	\$1.05	Dec2008	\$1.15
Dec2007	\$1.97	Dec2007	\$1.07
Dec2006	\$0.95	Dec2006	\$0.56
Dec2005	\$0.55	Dec2005	\$0.33
Dec2004	\$0.21	Dec2004	\$0.23
Dec2003	\$0.35	Dec2003	\$0.27
Dec2002	\$0.08	Dec2002	\$0.25
Dec2001	\$0.14	Dec2001	\$0.33
Dec2000	\$0.51	Dec2000	\$0.40
Dec1999	\$0.49	Balance Sheet Information 6/1/2016	
Dec1998	\$0.28	Long-Term Debt & Capital Lease Obligation	\$2,876,000,000
Dec1997	\$0.22	Total Assets	\$198,052,000,000
Dec1996	\$0.19	Intangible Assets	\$1,390,000,000
		Total Liabilities	\$183,062,000,000
		Shares Outstanding (Diluted Average)	1,333,000,000





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

- [27 Companies in the Spotlight This Week – 4/4/15](#)
- [Charles Schwab Corporation Annual Valuation – 2015 \\$SCHW](#)
- [17 Companies in the Spotlight This Week – 3/29/14](#)
- [Charles Schwab Corp \(SCHW\) Annual Valuation – 2014](#)

Other ModernGraham posts about related companies

- [Northern Trust Corp Valuation – July 2016 \\$NTRS](#)
- [O'Reilly Automotive Inc Valuation – July 2016 \\$ORLY](#)
- [Invesco Ltd Valuation – July 2016 \\$IVZ](#)
- [Nasdaq Inc Valuation – July 2016 \\$NDAQ](#)
- [Leucadia National Corp Valuation – July 2016 \\$LUK](#)
- [E*Trade Financial Corp Valuation – July 2016 \\$ETFC](#)
- [CBRE Group Inc Valuation – July 2016 \\$CBG](#)
- [Fidelity National Information Services Valuation – July 2016 \\$FIS](#)
- [Capital One Financial Corp Valuation – July 2016 \\$COF](#)
- [Intercontinental Exchange Inc Valuation – July 2016 \\$ICE](#)