

ModernGraham Valuation

Company Name:

Company Ticker MAIN
Date of Analysis

Main Street Capital
Corporation

9/3/2016



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 | \$1,803,679,938 | Fail |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2 | 0.19 | 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 | 104.38% | Pass |
| 6. Moderate PEmg Ratio | PEmg < 20 | 15.08 | Pass |
| 7. Moderate Price to Assets | PB Ratio < 2.5 OR PB*PEmg < 50 | 1.61 | 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 | 0.19 | Fail |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1 | -1.53 | 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 | \$2.29 |
| MG Growth Estimate | -1.95% |
| MG Value | \$10.51 |
| MG Value based on 3% Growth | \$33.14 |
| MG Value based on 0% Growth | \$19.43 |
| Market Implied Growth Rate | 3.29% |

MG Opinion

| | |
|----------------------|-------------------|
| Current Price | \$34.47 |
| % of Intrinsic Value | 328.07% |
| Opinion | Overvalued |
| MG Grade | D+ |

Stage 3: Information for Further Research

| | |
|--|----------|
| Net Current Asset Value (NCAV) | -\$15.72 |
| Graham Number | \$30.84 |
| PEmg | 15.08 |
| Current Ratio | 0.19 |
| PB Ratio | 1.61 |
| Current Dividend | \$2.16 |
| Dividend Yield | 6.25% |
| Number of Consecutive Years of Dividend Growth | 2 |

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| EPS History | | EPSmg History | |
|---------------------------|--------|---|-----------------|
| Next Fiscal Year Estimate | \$2.00 | Next Fiscal Year Estimate | \$2.29 |
| Dec2015 | \$2.13 | Dec2015 | \$2.51 |
| Dec2014 | \$2.31 | Dec2014 | \$2.71 |
| Dec2013 | \$2.65 | Dec2013 | \$2.77 |
| Dec2012 | \$3.53 | Dec2012 | \$2.63 |
| Dec2011 | \$2.76 | Dec2011 | \$2.00 |
| Dec2010 | \$2.38 | Dec2010 | \$1.45 |
| Dec2009 | \$1.19 | Dec2009 | \$0.87 |
| Dec2008 | \$1.20 | Dec2008 | \$0.60 |
| Dec2007 | \$0.76 | Dec2007 | \$0.25 |
| Dec2006 | \$0.00 | Dec2006 | \$0.00 |
| Dec2005 | \$0.00 | Dec2005 | \$0.00 |
| Dec2004 | \$0.00 | Dec2004 | \$0.00 |
| Dec2003 | \$0.00 | Dec2003 | \$0.00 |
| Dec2002 | \$0.00 | Dec2002 | \$0.00 |
| Dec2001 | \$0.00 | Dec2001 | \$0.00 |
| Dec2000 | \$0.00 | Dec2000 | \$0.00 |
| Dec1999 | \$0.00 | Balance Sheet Information 6/1/2016 | |
| Dec1998 | \$0.00 | Total Current Assets | \$77,124,000 |
| Dec1997 | \$0.00 | Total Current Liabilities | \$396,590,000 |
| Dec1996 | \$0.00 | Long-Term Debt | \$489,334,000 |
| | | Total Assets | \$1,985,036,000 |
| | | Intangible Assets | \$0 |
| | | Total Liabilities | \$885,924,000 |
| | | Shares Outstanding (Diluted Average) | 51,441,000 |





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

[Main Street Capital Corporation Analysis – Initial Coverage \\$MAIN](#)

Other
ModernGraham
posts about related
companies

[Navient Corp Valuation – August 2016 \\$NAVI](#)

[T Rowe Price Group Inc Valuation – August 2016 \\$TROW](#)

[Moody's Corporation Valuation – August 2016 \\$MCO](#)

[KKR & Co L.P. Valuation – August 2016 \\$KKR](#)

[Franklin Resources Inc Valuation – August 2016 \\$BEN](#)

[Equifax Inc Valuation – August 2016 \\$EFX](#)

[Charles Schwab Corp Valuation – August 2016 \\$SCHW](#)

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