

ModernGraham Valuation

Company Name:

Company Ticker SCI

Date of Analysis

12/13/2016

Service Corporation
International



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	\$5,033,785,365	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.64	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	70.18%	Pass
6. Moderate PEmg Ratio	PEmg < 20	29.04	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.85	Fail

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	0.64	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-16.49	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	\$0.92
MG Growth Estimate	8.63%
MG Value	\$23.79
MG Value based on 3% Growth	\$13.39
MG Value based on 0% Growth	\$7.85
Market Implied Growth Rate	10.27%

MG Opinion

Current Price	\$26.81
% of Intrinsic Value	112.68%
Opinion	Overvalued
MG Grade	F

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$54.02
Graham Number	\$11.10
PEmg	29.04
Current Ratio	0.64
PB Ratio	4.85
Current Dividend	\$0.50
Dividend Yield	1.86%
Number of Consecutive Years of Dividend Growth	3

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		\$0.96	Next Fiscal Year Estimate		\$0.92
Dec2015		\$1.14	Dec2015		\$0.87
Dec2014		\$0.81	Dec2014		\$0.71
Dec2013		\$0.68	Dec2013		\$0.63
Dec2012		\$0.70	Dec2012		\$0.59
Dec2011		\$0.61	Dec2011		\$0.54
Dec2010		\$0.50	Dec2010		\$0.50
Dec2009		\$0.49	Dec2009		\$0.43
Dec2008		\$0.37	Dec2008		\$0.35
Dec2007		\$0.85	Dec2007		\$0.31
Dec2006		\$0.19	Dec2006		\$0.00
Dec2005		-\$0.42	Dec2005		-\$0.25
Dec2004		\$0.34	Dec2004		-\$0.58
Dec2003		\$0.28	Dec2003		-\$1.20
Dec2002		-\$0.80	Dec2002		-\$1.73
Dec2001		-\$2.18	Dec2001		-\$1.76
Dec2000		-\$4.75	Dec2000		-\$1.11
Dec1999		-\$0.12	Balance Sheet Information 9/1/2016		
Dec1998		\$1.31	Total Current Assets		\$344,850,000
Dec1997		\$1.31	Total Current Liabilities		\$537,841,000
Dec1996		\$1.08	Long-Term Debt		\$3,181,694,000
			Total Assets		\$12,051,476,000
			Intangible Assets		\$1,801,893,000
			Total Liabilities		\$10,964,184,000
			Shares Outstanding (Diluted Average)		196,567,000





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

#N/A

Other
ModernGraham
posts about related
companies

- [Proctor & Gamble Co Valuation – July 2016 \\$PG](#)
- [International Flavors & Fragrances Inc Valuation – June 2016 \\$IFF](#)
- [Kimberly-Clark Corporation Valuation – June 2016 \\$KMB](#)
- [Estee Lauder Companies Inc Valuation – May 2016 \\$EL](#)
- [Colgate-Palmolive Co Valuation – January 2016 Update \\$CL](#)
- [International Flavors & Fragrances Valuation – December 2015 Update \\$IFF](#)
- [The Estee Lauder Company Valuation – October 2015 Update \\$EL](#)
- [International Flavors & Fragrances Inc. Analysis – August 2015 Update \\$IFF](#)
- [Estee Lauder Companies Analysis – August 2015 Update \\$EL](#)
- [International Flavors & Fragrances Inc. Quarterly Valuation – May 2015 \\$IFF](#)