

# ModernGraham Valuation

Company Name:

Select Comfort Corp.

Company Ticker

SCSS

Date of Analysis

12/16/2016



## 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	\$1,050,089,862	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.78	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	-1440.00%	Fail
5. Earnings Growth	PEmg < 20	21.07	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	6.20	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	0.78	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

### Suitability

Defensive	No
Enterprising	No

## Stage 2: Determination of Intrinsic Value

EPSmg	\$1.12
MG Growth Estimate	4.71%
<b>MG Value</b>	<b>\$20.09</b>
MG Value based on 3% Growth	\$16.25
MG Value based on 0% Growth	\$9.53
Market Implied Growth Rate	6.28%

### MG Opinion

Current Price	\$23.61
% of Intrinsic Value	117.51%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>D</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$2.93
Graham Number	\$9.99
PEmg	21.07
Current Ratio	0.78
PB Ratio	6.20
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

### Useful Links:

[ModernGraham tagged articles](#)

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[Yahoo Finance](#)

[GuruFocus](#)

[Morningstar](#)

[MSN Money](#)

[Seeking Alpha](#)

[SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Dec2015	\$0.97	Dec2015	\$1.13
Dec2014	\$1.25	Dec2014	\$1.16
Dec2013	\$1.08	Dec2013	\$1.07
Dec2012	\$1.37	Dec2012	\$0.85
Dec2011	\$1.07	Dec2011	\$0.49
Dec2010	\$0.57	Dec2010	\$0.21
Dec2009	\$0.77	Dec2009	\$0.11
Dec2008	-\$1.59	Dec2008	-\$0.07
Dec2007	\$0.57	Dec2007	\$0.67
Dec2006	\$0.85	Dec2006	\$0.70
Dec2005	\$0.76	Dec2005	\$0.55
Dec2004	\$0.53	Dec2004	\$0.29
Dec2003	\$0.46	Dec2003	\$0.05
Dec2002	\$0.73	Dec2002	-\$0.19
Dec2001	-\$0.44	Dec2001	-\$0.63
Dec2000	-\$1.39	Dec2000	-\$0.66
Dec1999	-\$0.30	<b>Balance Sheet Information 9/1/2016</b>	
Dec1998	\$0.13	Total Current Assets	\$190,731,000
Dec1997	-\$1.06	Total Current Liabilities	\$244,916,000
Dec1996	\$0.00	Long-Term Debt	\$0
		Total Assets	\$502,995,000
		Intangible Assets	\$81,448,000
		Total Liabilities	\$326,483,000
		Shares Outstanding (Diluted Average)	46,350,000





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

[National Presto Industries Inc Valuation – July 2016 \\$NPK](#)  
[Leggett & Platt Inc Stock Valuation – February 2016 \\$LEG](#)  
[National Presto Industries Valuation – January 2016 Update \\$NPK](#)  
[Newell Rubbermaid Inc. Valuation – October 2015 Update \\$NWL](#)  
[National Presto Industries Inc. Valuation – October 2015 Update \\$NPK](#)  
[Clorox Company Analysis – September 2015 Update \\$CLX](#)  
[National Presto Industries Analysis – July 2015 Update \\$NPK](#)  
[National Presto Industries Inc. Quarterly Valuation – March 2015 \\$NPK](#)  
[National Presto Industries Inc. Quarterly Valuation – December 2014 \\$NPK](#)  
[Leggett & Platt Inc. Annual Valuation – 2014 \\$LEG](#)