ModernGraham Valuation

Company Name:

Select Comfort Corp.



Company Ticker 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.

scss

 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
Dividend Record	Dividend Payments for 10 years prior	Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at	
5. Earnings Growth	beginning and end	-1440.00% Fail
6. Moderate PEmg Ratio	PEmg < 20	21.07 Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	6.20 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	0.78	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%
MG Value	\$20.09
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%

Opinion Overvalued MG Grade D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	
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
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 Morningstar

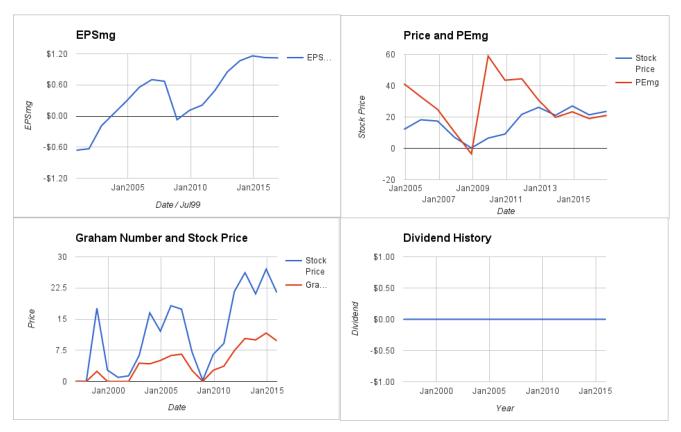
 Google Finance
 MSN Money

 Yahoo Finance
 Seeking Alpha

 GuruFocus
 SEC Filings

EPS History		EPSmg History	
Next Fiscal Year			
Estimate	*****	Next Fiscal Year Estimate	\$1.12
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	Balance Sheet Information	9/1/2016
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