

# ModernGraham Valuation

## Company Name:

Company Ticker SGMS

Date of Analysis

1/7/2017

Scientific Games Corp



## 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  | \$1,411,573,037 | Fail |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2  | 1.58            | 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 | -33171.43%      | Fail |
| 5. Earnings Growth                         | PEmg < 20  | -2.44           | Fail |
| 6. Moderate PEmg Ratio                     | PB Ratio < 2.5 OR PB*PEmg < 50   | -0.78           | 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            | 1.58  | Pass |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1              | 19.26 | Fail |
| 3. Earnings Stability                      | Positive EPS for 5 years prior |       | Fail |
| 4. Dividend Record                         | Currently Pays Dividend        |       | Fail |
| 5. Earnings Growth                         | EPSmg greater than 5 years ago |       | Fail |

### Suitability

|                     |           |
|---------------------|-----------|
| <b>Defensive</b>    | <b>No</b> |
| <b>Enterprising</b> | <b>No</b> |

## Stage 2: Determination of Intrinsic Value

|                             |               |
|-----------------------------|---------------|
| EPSmg                       | -\$6.36       |
| MG Growth Estimate          | -4.25%        |
| <b>MG Value</b>             | <b>\$0.00</b> |
| MG Value based on 3% Growth | -\$92.22      |
| MG Value based on 0% Growth | -\$54.06      |
| Market Implied Growth Rate  | -5.47%        |

### MG Opinion

|                      |                   |
|----------------------|-------------------|
| Current Price        | \$15.55           |
| % of Intrinsic Value | N/A               |
| <b>Opinion</b>       | <b>Overvalued</b> |
| <b>MG Grade</b>      | <b>D</b>          |

## Stage 3: Information for Further Research

|  |          |
|--|----------|
| Net Current Asset Value (NCAV)                 | -\$91.33 |
| Graham Number                                  | \$0.00   |
| PEmg   | -2.44    |
| Current Ratio                                  | 1.58     |
| PB Ratio                                       | -0.78    |
| Current Dividend                               | \$0.00   |
| Dividend Yield                                 | 0.00%    |
| Number of Consecutive Years of Dividend Growth | 0        |

### Useful Links:

|  |                               |
|--|-------------------------------|
| <a href="#">ModernGraham tagged articles</a> | <a href="#">Morningstar</a>   |
| <a href="#">Google Finance</a>               | <a href="#">MSN Money</a>     |
| <a href="#">Yahoo Finance</a>                | <a href="#">Seeking Alpha</a> |
| <a href="#">GuruFocus</a>                    | <a href="#">SEC Filings</a>   |

| EPS History               |          | EPSmg History                             |                 |
|---------------------------|----------|---|-----------------|
| Next Fiscal Year Estimate | -\$4.15  | Next Fiscal Year Estimate                 | -\$6.36         |
| Dec2015                   | -\$16.23 | Dec2015                                   | -\$6.32         |
| Dec2014                   | -\$2.77  | Dec2014                                   | -\$1.29         |
| Dec2013                   | -\$0.36  | Dec2013                                   | -\$0.58         |
| Dec2012                   | -\$0.70  | Dec2012                                   | -\$0.65         |
| Dec2011                   | -\$0.14  | Dec2011                                   | -\$0.53         |
| Dec2010                   | -\$1.61  | Dec2010                                   | -\$0.54         |
| Dec2009                   | -\$0.43  | Dec2009                                   | \$0.10          |
| Dec2008                   | -\$0.05  | Dec2008                                   | \$0.43          |
| Dec2007                   | \$0.55   | Dec2007                                   | \$0.67          |
| Dec2006                   | \$0.70   | Dec2006                                   | \$0.71          |
| Dec2005                   | \$0.81   | Dec2005                                   | \$0.63          |
| Dec2004                   | \$0.72   | Dec2004                                   | \$0.40          |
| Dec2003                   | \$0.59   | Dec2003                                   | \$0.16          |
| Dec2002                   | \$0.50   | Dec2002                                   | -\$0.11         |
| Dec2001                   | -\$0.30  | Dec2001                                   | -\$0.42         |
| Oct2000                   | -\$0.86  | Oct2000                                   | -\$0.51         |
| Oct1999                   | \$0.01   | <b>Balance Sheet Information 9/1/2016</b> |                 |
| Oct1998                   | -\$0.45  | Total Current Assets                      | \$1,135,600,000 |
| Oct1997                   | -\$0.51  | Total Current Liabilities                 | \$718,500,000   |
| Oct1996                   | -\$1.09  | Long-Term Debt                            | \$8,033,800,000 |
|                           |          | Total Assets                              | \$7,376,600,000 |
|                           |          | Intangible Assets                         | \$5,263,100,000 |
|                           |          | Total Liabilities                         | \$9,126,600,000 |
|                           |          | Shares Outstanding (Diluted Average)      | 87,500,000      |





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

[Wynn Resorts Ltd Valuation – February 2016 \\$WYNN](#)  
[Wynn Resorts Limited Analysis – September 2015 Update \\$WYNN](#)  
[Wyndham Worldwide Corporation Analysis – August 2015 Update \\$WYNN](#)  
[Wynn Resorts Analysis – June 2015 Update \\$WYNN](#)  
[International Game Technology Quarterly Valuation – March 2015 \\$IGT](#)  
[Wynn Resorts Limited Quarterly Valuation – March 2015 \\$WYNN](#)  
[Wynn Resorts Limited Quarterly Valuation – December 2014 \\$WYNN](#)  
[Wynn Resorts Limited Quarterly Stock Valuation – September 2014 \\$WYNN](#)