

ModernGraham Valuation



Company Name:

Company Ticker SIGI
Date of Analysis

Selective Insurance Group

1/9/2017

Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass all 6 of the following tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$2,478,700,768	Pass
2. Earnings Stability	Positive EPS for 10 years prior		Pass
3. Dividend Record	Dividend Payments for 10 years prior		Pass
4. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	92.18%	Pass
5. Moderate PEmg Ratio	PEmg < 20	17.74	Pass
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.56	Pass

Enterprising Investor; must pass all 3 of the following tests, or be suitable for the Defensive Investor.

1. Earnings Stability	Positive EPS for 5 years prior		Pass
2. Dividend Record	Currently Pays Dividend		Pass
3. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	2.40
MG Growth Estimate	15.00%
MG Value	\$92.22
MG Value based on 3% Growth	\$34.73
MG Value based on 0% Growth	\$20.36
Market Implied Growth Rate	4.62%

MG Opinion

Current Price	\$42.50
% of Intrinsic Value	46.09%
Opinion	Undervalued
MG Grade	C+

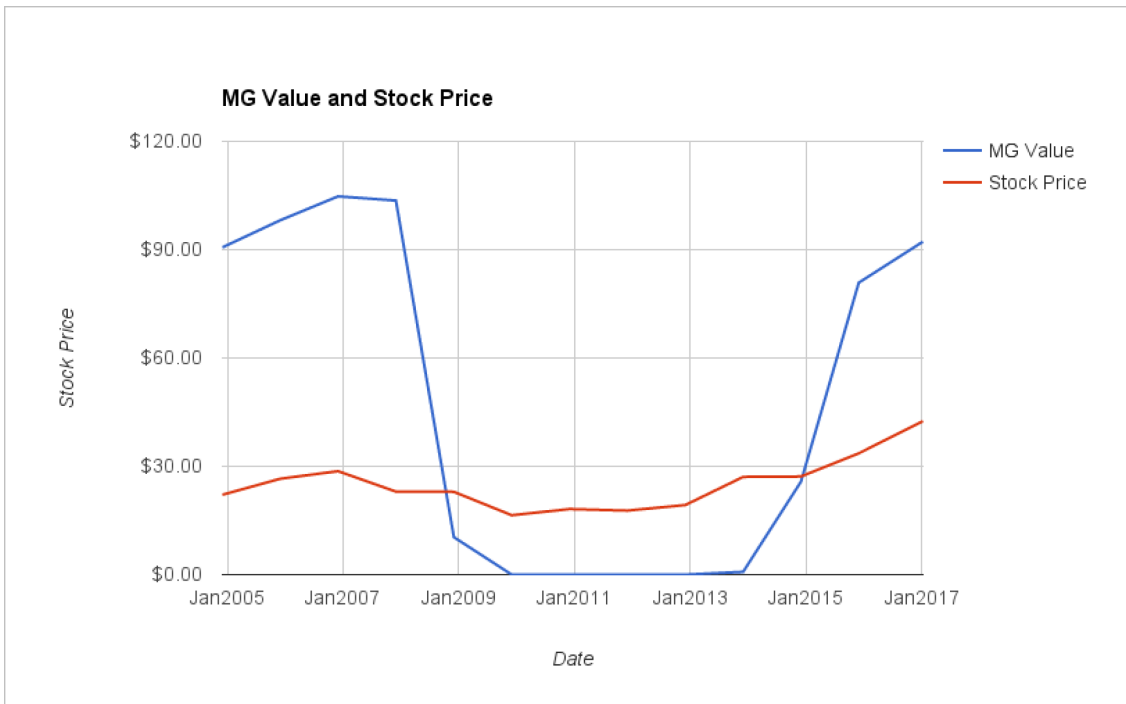
Stage 3: Information for Further Research

Graham Number	\$39.44
PEmg	17.74
PB Ratio	1.56
Dividend Yield	1.41%
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	\$2.54	Next Fiscal Year Estimate	\$2.40
Dec2015	\$2.85	Dec2015	\$2.10
Dec2014	\$2.47	Dec2014	\$1.59
Dec2013	\$1.87	Dec2013	\$1.09
Dec2012	\$0.68	Dec2012	\$0.72
Dec2011	\$0.40	Dec2011	\$0.87
Dec2010	\$1.20	Dec2010	\$1.27
Dec2009	\$0.68	Dec2009	\$1.47
Dec2008	\$0.82	Dec2008	\$2.08
Dec2007	\$2.59	Dec2007	\$2.73
Dec2006	\$2.65	Dec2006	\$2.72
Dec2005	\$2.35	Dec2005	\$2.55
Dec2004	\$4.07	Dec2004	\$2.35
Dec2003	\$2.20	Dec2003	\$1.38
Dec2002	\$1.56	Dec2002	\$0.93
Dec2001	\$0.49	Dec2001	\$0.68
Dec2000	\$0.51	Dec2000	\$0.80
Dec1999	\$0.94		
Dec1998	\$0.87		
Dec1997	\$1.14		
Dec1996	\$0.92		
		Balance Sheet Information	9/1/2016
		Long-Term Debt & Capital Lease Obligation	\$378,551,000
		Total Assets	\$7,363,233,000
		Intangible Assets	\$7,849,000
		Total Liabilities	\$5,788,329,000
		Shares Outstanding (Diluted Average)	57,810,000





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

- [Infinity Property and Casualty Corp Valuation – Initial Coverage \\$IPCC](#)
- [Hartford Financial Services Group Inc Valuation – December 2016 \\$HIG](#)
- [AFLAC Inc Valuation – December 2016 \\$AFL](#)
- [Arthur J Gallagher & Co Valuation – December 2016 \\$AJG](#)
- [Aspen Insurance Holdings Limited Valuation – December 2016 \\$AHL](#)
- [MetLife Inc Valuation – December 2016 \\$MET](#)
- [Travelers Companies Inc Valuation – November 2016 \\$TRV](#)
- [Allstate Corp Valuation – November 2016 \\$ALL](#)
- [Unum Group Valuation – August 2016 \\$UNM](#)
- [Principal Financial Group Inc Valuation – August 2016 \\$PFG](#)