

ModernGraham Valuation

Company Name:

Sonic Corporation

Company Ticker SONC

Date of Analysis

2/6/2017



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	\$1,111,528,041	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.51	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	74.06%	Pass
6. Moderate PEmg Ratio	PEmg < 20	22.00	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	-9.88	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	1.51	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	16.86	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
	Score		

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.14
MG Growth Estimate	15.00%
MG Value	\$43.89
MG Value based on 3% Growth	\$16.53
MG Value based on 0% Growth	\$9.69
Market Implied Growth Rate	6.75%

MG Opinion

Current Price	\$25.08
% of Intrinsic Value	57.14%
Opinion	Undervalued
MG Grade	B-

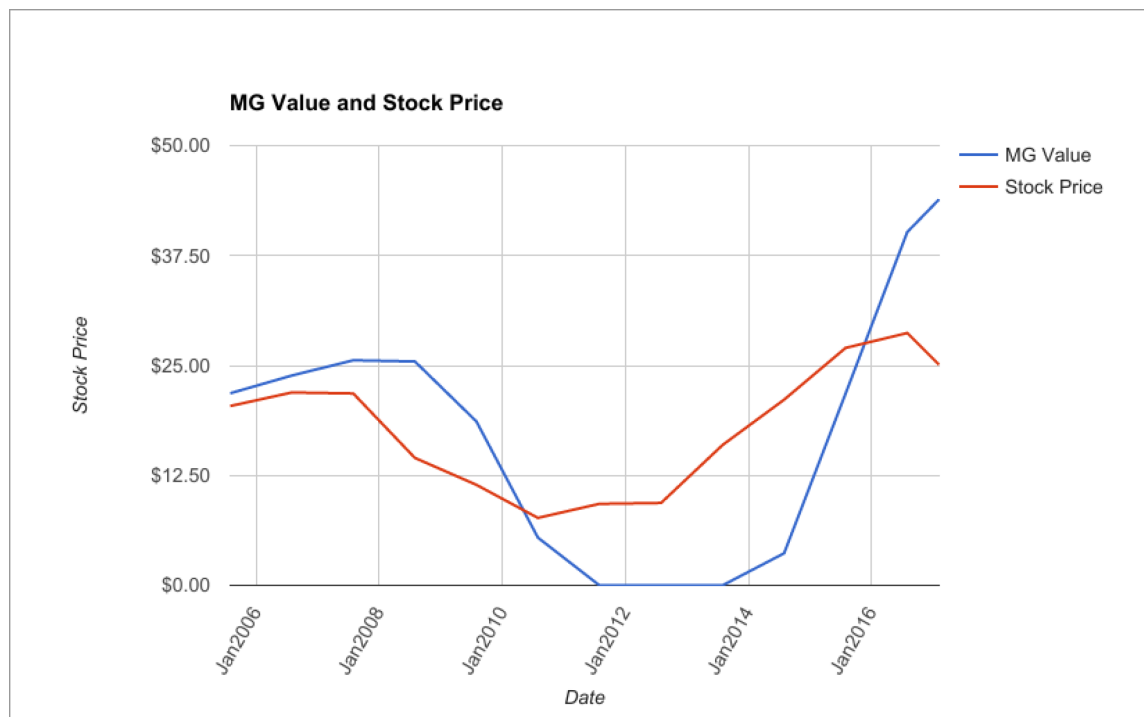
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$13.16
Graham Number	\$0.00
PEmg	22.00
Current Ratio	1.51
PB Ratio	-9.88
Current Dividend	\$0.47
Dividend Yield	1.87%
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	\$1.20	Next Fiscal Year Estimate	\$1.14
Aug2016	\$1.29	Aug2016	\$1.05
Aug2015	\$1.20	Aug2015	\$0.86
Aug2014	\$0.85	Aug2014	\$0.64
Aug2013	\$0.64	Aug2013	\$0.53
Aug2012	\$0.60	Aug2012	\$0.52
Aug2011	\$0.31	Aug2011	\$0.55
Aug2010	\$0.34	Aug2010	\$0.70
Aug2009	\$0.81	Aug2009	\$0.88
Aug2008	\$0.97	Aug2008	\$0.88
Aug2007	\$0.91	Aug2007	\$0.81
Aug2006	\$0.88	Aug2006	\$0.72
Aug2005	\$0.75	Aug2005	\$0.62
Aug2004	\$0.63	Aug2004	\$0.53
Aug2003	\$0.52	Aug2003	\$0.45
Aug2002	\$0.50	Aug2002	\$0.40
Aug2001	\$0.41	Aug2001	\$0.32
Aug2000	\$0.35	Balance Sheet Information	11/1/2016
Aug1999	\$0.28	Total Current Assets	\$99,132,000
Aug1998	\$0.20	Total Current Liabilities	\$65,519,000
Aug1997	\$0.19	Long-Term Debt	\$566,672,000
		Total Assets	\$593,316,000
		Intangible Assets	\$76,266,000
		Total Liabilities	\$711,509,000
		Shares Outstanding (Diluted Average)	46,543,000





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

- [Jack in the Box Inc Valuation – Initial Coverage \\$JACK](#)
- [Chuy's Holdings Inc Valuation – Initial Coverage \\$CHUY](#)
- [Yum Brands Inc Valuation – December 2016 \\$YUM](#)
- [McDonald's Corp Valuation – November 2016 \\$MCD](#)
- [Chipotle Mexican Grill Inc Valuation – August 2016 \\$CMG](#)
- [Yum! Brands Inc Valuation – August 2016 \\$YUM](#)
- [Starbucks Corp Valuation – June 2016 \\$SBUX](#)
- [McDonald's Corporation Valuation – May 2016 \\$MCD](#)
- [Chipotle Mexican Grill Inc Stock Valuation – February 2016 \\$CMG](#)
- [McDonald's Corporation – November 2015 Update \\$MCD](#)