

ModernGraham Valuation

Simpson
Manufacturing Co,
Inc.



Company Name:

Company Ticker SSD

Date of Analysis

2/14/2017

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	\$2,055,537,481	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	5.38	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	167.36%	Pass
5. Earnings Growth	PEmg < 20	26.23	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.39	Pass
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	5.38	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	Pass
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	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.65
MG Growth Estimate	13.07%
MG Value	\$57.28
MG Value based on 3% Growth	\$23.98
MG Value based on 0% Growth	\$14.06
Market Implied Growth Rate	8.87%

MG Opinion

Current Price	\$43.39
% of Intrinsic Value	75.75%
Opinion	Fairly Valued
MG Grade	B-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$9.87
Graham Number	\$28.05
PEmg	26.23
Current Ratio	5.38
PB Ratio	2.39
Current Dividend	\$0.70
Dividend Yield	1.61%
Number of Consecutive Years of Dividend Growth	4

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.92	Next Fiscal Year Estimate	\$1.65
Dec2016	\$1.86	Dec2016	\$1.44
Dec2015	\$1.38	Dec2015	\$1.20
Dec2014	\$1.29	Dec2014	\$1.06
Dec2013	\$1.05	Dec2013	\$0.88
Dec2012	\$0.87	Dec2012	\$0.79
Dec2011	\$1.04	Dec2011	\$0.79
Dec2010	\$0.58	Dec2010	\$0.81
Dec2009	\$0.25	Dec2009	\$1.07
Dec2008	\$1.10	Dec2008	\$1.54
Dec2007	\$1.40	Dec2007	\$1.73
Dec2006	\$2.10	Dec2006	\$1.80
Dec2005	\$2.02	Dec2005	\$1.55
Dec2004	\$1.67	Dec2004	\$1.25
Dec2003	\$1.21	Dec2003	\$1.01
Dec2002	\$1.05	Dec2002	\$0.88
Dec2001	\$0.82	Dec2001	\$0.77
Dec2000	\$0.80	Balance Sheet Information 12/1/2016	
Dec1999	\$0.79	Total Current Assets	\$585,247,000
Dec1998	\$0.65	Total Current Liabilities	\$108,796,000
Dec1997	\$0.54	Long-Term Debt	\$0
		Total Assets	\$979,974,000
		Intangible Assets	\$124,479,000
		Total Liabilities	\$114,132,000
		Shares Outstanding (Diluted Average)	47,754,000

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.

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