

ModernGraham Valuation

Texas Capital Bancshares Inc



Company Name:

Company Ticker TCBI

Date of Analysis

3/27/2017

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	\$3,981,969,488	Pass
2. Earnings Stability	Positive EPS for 10 years prior		Pass
3. 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		
4. Earnings Growth		304.13%	Pass
5. Moderate PEmg Ratio	PEmg < 20	24.78	Fail
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.86	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	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	3.23
MG Growth Estimate	6.32%
MG Value	\$68.27
MG Value based on 3% Growth	\$46.84
MG Value based on 0% Growth	\$27.46
Market Implied Growth Rate	8.14%

MG Opinion

Current Price	\$80.05
% of Intrinsic Value	117.25%
Opinion	Overvalued
MG Grade	C-

Stage 3: Information for Further Research

Graham Number	\$56.38
PEmg	24.78
PB Ratio	1.86
Dividend Yield	1.01%
Number of Consecutive Years of Dividend Growth	1

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	\$3.76	Next Fiscal Year Estimate	\$3.23
Dec2016	\$3.11	Dec2016	\$2.95
Dec2015	\$2.91	Dec2015	\$2.81
Dec2014	\$2.88	Dec2014	\$2.62
Dec2013	\$2.72	Dec2013	\$2.27
Dec2012	\$3.00	Dec2012	\$1.86
Dec2011	\$1.98	Dec2011	\$1.23
Dec2010	\$1.00	Dec2010	\$0.87
Dec2009	\$0.55	Dec2009	\$0.85
Dec2008	\$0.87	Dec2008	\$0.99
Dec2007	\$1.10	Dec2007	\$1.00
Dec2006	\$1.09	Dec2006	\$0.89
Dec2005	\$1.02	Dec2005	\$0.73
Dec2004	\$0.77	Dec2004	\$0.39
Dec2003	\$0.60	Dec2003	\$0.01
Dec2002	\$0.32	Dec2002	-\$0.36
Dec2001	\$0.30	Dec2001	-\$0.65
Dec2000	-\$1.89		
Dec1999	-\$1.23		
Dec1998	\$0.00		
Dec1997	\$0.00		
		Balance Sheet Information	12/1/2016
		Long-Term Debt & Capital Lease Obligation	\$2,394,450,000
		Total Assets	\$21,697,134,000
		Intangible Assets	\$48,048,000
		Total Liabilities	\$19,687,577,000
		Shares Outstanding (Diluted Average)	46,766,000





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

- [Canadian Western Bank Valuation – Initial Coverage \\$TSE:CWB](#)
- [CVB Financial Corp Valuation – Initial Coverage \\$CVBF](#)
- [Customers Bancorp Inc Valuation – Initial Coverage \\$CUBI](#)
- [Comerica Inc Valuation – March 2017 \\$CMA](#)
- [Sterling Bancorp Valuation – Initial Coverage \\$STL](#)
- [S&T Bancorp Inc Valuation – Initial Coverage \\$STBA](#)
- [Central Pacific Financial Corp Valuation – Initial Coverage \\$CPF](#)
- [Synovus Financial Corp Valuation – Initial Coverage \\$SNV](#)
- [U.S. Bancorp Valuation – February 2017 \\$USB](#)
- [Columbia Banking System Inc Valuation – Initial Coverage \\$COLB](#)