

# ModernGraham Valuation

Southwestern Energy  
Company



Company Name:

Company Ticker SWN

Date of Analysis

7/17/2017

## 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	\$3,107,267,285	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.60	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	-632.72%	Fail
5. Earnings Growth	PEmg < 20	-1.84	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.33	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	1.60	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	6.53	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
	Score		

### Suitability

Defensive	No
Enterprising	No

## Stage 2: Determination of Intrinsic Value

EPSmg	-\$3.27
MG Growth Estimate	-4.25%
<b>MG Value</b>	<b>\$0.00</b>
MG Value based on 3% Growth	-\$47.41
MG Value based on 0% Growth	-\$27.79
Market Implied Growth Rate	-5.17%

### MG Opinion

Current Price	\$6.03
% of Intrinsic Value	N/A
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>C-</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$8.35
Graham Number	\$6.92
PEmg	-1.84
Current Ratio	1.60
PB Ratio	2.33
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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[Morningstar](#)  
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.15	Next Fiscal Year Estimate	-\$3.27
Dec2016	-\$6.32	Dec2016	-\$4.72
Dec2015	-\$12.25	Dec2015	-\$3.13
Dec2014	\$2.62	Dec2014	\$1.36
Dec2013	\$2.00	Dec2013	\$0.71
Dec2012	-\$2.03	Dec2012	\$0.25
Dec2011	\$1.82	Dec2011	\$1.31
Dec2010	\$1.73	Dec2010	\$1.00
Dec2009	-\$0.10	Dec2009	\$0.63
Dec2008	\$1.64	Dec2008	\$0.90
Dec2007	\$0.64	Dec2007	\$0.49
Dec2006	\$0.48	Dec2006	\$0.38
Dec2005	\$0.48	Dec2005	\$0.31
Dec2004	\$0.35	Dec2004	\$0.19
Dec2003	\$0.18	Dec2003	\$0.08
Dec2002	\$0.07	Dec2002	\$0.02
Dec2001	\$0.17	Dec2001	-\$0.01
Dec2000	-\$0.23	<b>Balance Sheet Information 3/1/2017</b>	
Dec1999	\$0.05	Total Current Assets	\$1,789,000,000
Dec1998	-\$0.15	Total Current Liabilities	\$1,121,000,000
Dec1997	\$0.10	Long-Term Debt	\$4,364,000,000
		Total Assets	\$7,196,000,000
		Intangible Assets	\$0
		Total Liabilities	\$5,918,000,000
		Shares Outstanding (Diluted Average)	494,495,000





**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**

- [Southwestern Energy Company Valuation – February 2016 Update \\$SWN](#)
- [26 Companies in the Spotlight This Week – 12/13/14](#)
- [Southwestern Energy Company Annual Valuation – 2014 \\$SWN](#)

**Other ModernGraham posts about related companies**

- [Apache Corp Valuation – April 2017 \\$APA](#)
- [Anadarko Petroleum Co Valuation – April 2017 \\$APC](#)
- [Cenovus Energy Inc Valuation – Initial Coverage \\$TSE:CVE](#)
- [Cabot Oil & Gas Corp Valuation – March 2017 \\$COG](#)
- [Chevron Corporation Valuation – March 2017 \\$CVX](#)
- [CARBO Ceramics Inc Valuation – Initial Coverage \\$CRR](#)
- [Concho Resources Inc Valuation – Initial Coverage \\$CXO](#)
- [Murphy Oil Corporation Valuation – March 2017 \\$MUR](#)
- [Suncor Energy Inc Valuation – Initial Coverage \\$TSE:SU](#)
- [CST Brands Inc Valuation – Initial Coverage \\$CST](#)