ModernGraham Valuation

Company Name: Edison International

Company Ticker EIX

Date of Analysis 3/22/2018

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	$20,500,042,498	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.53	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	52.15%	Pass
6. Moderate PEmg Ratio	PEmg < 20	19.15	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.76	Pass

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	0.53	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-3.49	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	**No**

Stage 2: Determination of Intrinsic Value

EPSmg		$3.29
MG Growth Estimate		4.72%
MG Value		**$58.92**
MG Value based on 3% Growth		$47.64
MG Value based on 0% Growth		$27.93
Market Implied Growth Rate		5.33%

MG Opinion

Current Price		$62.92
% of Intrinsic Value		106.79%
Opinion	**Fairly Valued**	
MG Grade	**C-**	

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-$114.05
Graham Number	$55.92
PEmg	19.15
Current Ratio	0.53
PB Ratio	1.76
Current Dividend	$2.23
Dividend Yield	3.55%
Number of Consecutive Years of Dividend Growth	15

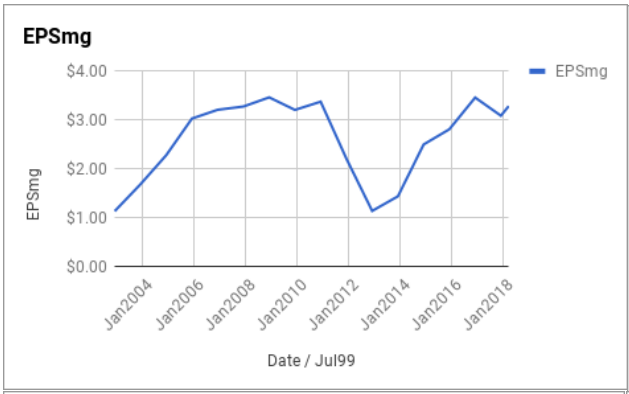
Useful Links:

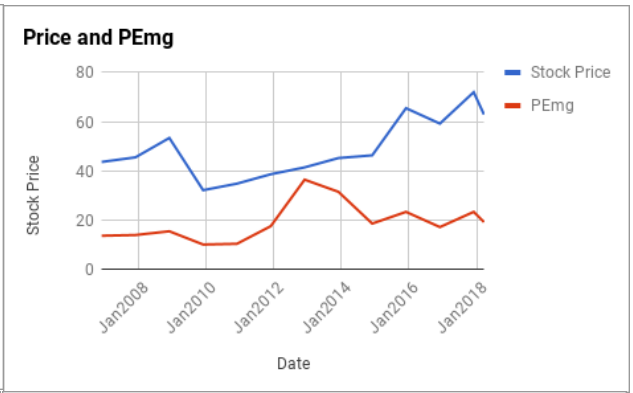
ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

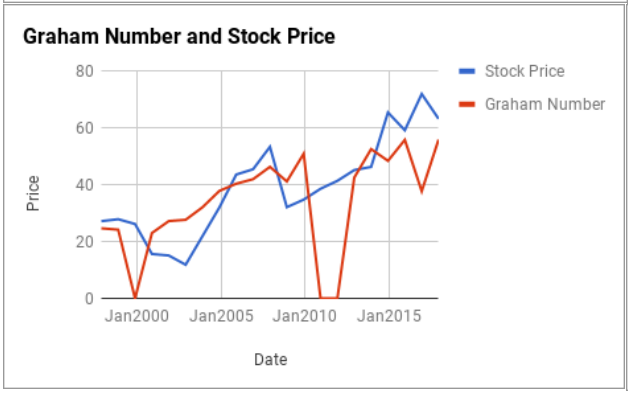
EPS History	
Next Fiscal Year Estimate	$3.88
Dec2017	$1.72
Dec2016	$3.97
Dec2015	$3.10
Dec2014	$4.89
Dec2013	$2.78
Dec2012	-$0.56
Dec2011	-$0.11
Dec2010	$3.82
Dec2009	$2.58
Dec2008	$3.68
Dec2007	$3.31
Dec2006	$3.57
Dec2005	$3.43
Dec2004	$2.77
Dec2003	$2.50
Dec2002	$3.28
Dec2001	$3.17
Dec2000	-$5.84
Dec1999	$1.79
Dec1998	$1.84

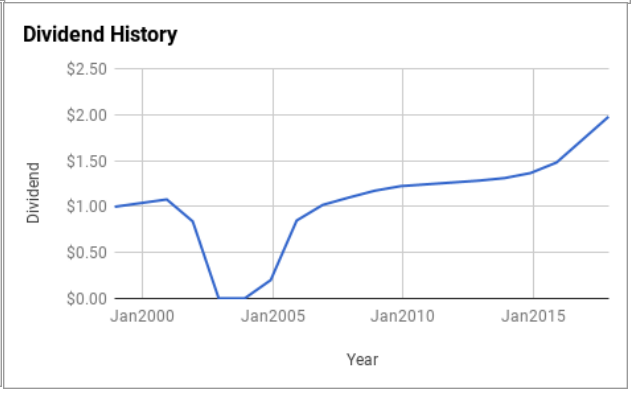
EPSmg History	
Next Fiscal Year Estimate	$3.29
Dec2017	$3.09
Dec2016	$3.46
Dec2015	$2.81
Dec2014	$2.50
Dec2013	$1.44
Dec2012	$1.14
Dec2011	$2.21
Dec2010	$3.38
Dec2009	$3.21
Dec2008	$3.47
Dec2007	$3.28
Dec2006	$3.21
Dec2005	$3.03
Dec2004	$2.28
Dec2003	$1.68
Dec2002	$1.13

Balance Sheet Information	12/1/2017
Total Current Assets	$3,729,000,000
Total Current Liabilities	$7,068,000,000
Long-Term Debt	$11,642,000,000
Total Assets	$52,580,000,000
Intangible Assets	$0
Total Liabilities	$40,909,000,000
Shares Outstanding (Diluted Average)	326,000,000









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

47 Companies in the Spotlight This Week – 5/16/15
Edison International Annual Valuation – 2015 $EIX
16 Companies in the Spotlight This Week – 4/26/14
Edison International (EIX) Annual Valuation – 2014

Other ModernGraham posts about related companies

SCANA Corp Valuation – March 2018 $SCG
Xcel Energy Inc Valuation – February 2018 $XEL
Atmos Energy Corp Valuation – Initial Coverage $ATO
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Public Service Enterprise Group Inc Valuation – July 2017 $PEG
Eversource Energy Valuation – July 2017 $ES
PPL Corp Valuation – June 2017 $PPL
Entergy Corp Valuation – April 2017 $ETR
California Water Service Group Valuation – Initial Coverage $CWT
TransAlta Corporation – Initial Coverage $TSE:TA