

ModernGraham Valuation

Company Name:

Stericycle Inc

Company Ticker SRCL

Date of Analysis

5/15/2018



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	\$5,461,493,225	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.81	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
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	-3.94%	Fail
5. Earnings Growth	PEmg < 20	24.25	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.86	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	0.81	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-13.66	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago Score		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.63
MG Growth Estimate	-3.21%
MG Value	\$5.49
MG Value based on 3% Growth	\$38.15
MG Value based on 0% Growth	\$22.37
Market Implied Growth Rate	7.88%

MG Opinion

Current Price	\$63.82
% of Intrinsic Value	1161.78%
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$38.05
Graham Number	\$58.44
PEmg	24.25
Current Ratio	0.81
PB Ratio	1.86
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Dec2017	\$0.27	Dec2017	\$1.98
Dec2016	\$2.08	Dec2016	\$2.93
Dec2015	\$2.98	Dec2015	\$3.31
Dec2014	\$3.79	Dec2014	\$3.35
Dec2013	\$3.56	Dec2013	\$3.00
Dec2012	\$3.08	Dec2012	\$2.60
Dec2011	\$2.69	Dec2011	\$2.25
Dec2010	\$2.39	Dec2010	\$1.93
Dec2009	\$2.03	Dec2009	\$1.59
Dec2008	\$1.68	Dec2008	\$1.30
Dec2007	\$1.32	Dec2007	\$1.06
Dec2006	\$1.16	Dec2006	\$0.88
Dec2005	\$0.74	Dec2005	\$0.69
Dec2004	\$0.85	Dec2004	\$0.61
Dec2003	\$0.72	Dec2003	\$0.45
Dec2002	\$0.51	Dec2002	\$0.29
Dec2001	\$0.18	Balance Sheet Information	
Dec2000	\$0.18	3/1/2018	
Dec1999	\$0.23	Total Current Assets	\$810,600,000
Dec1998	\$0.13	Total Current Liabilities	\$999,900,000
		Long-Term Debt	\$2,586,200,000
		Total Assets	\$7,015,700,000
		Intangible Assets	\$5,396,400,000
		Total Liabilities	\$4,075,700,000
		Shares Outstanding (Diluted Average)	85,800,000





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

- [Stericycle Inc Valuation – February 2017 \\$SRCL](#)
- [Stericycle Inc. Analysis – October 2015 Update \\$SRCL](#)
- [14 Companies in the Spotlight This Week – 10/18/14](#)
- [Stericycle Inc. Annual Stock Valuation – 2014 \\$SRCL](#)

Other ModernGraham posts about related companies

- [Republic Services Inc Valuation – May 2018 \\$RSG](#)
- [Waste Management Inc Valuation – April 2018 \\$WM](#)
- [US Ecology Inc Valuation – Initial Coverage \\$ECOL](#)
- [Stericycle Inc Valuation – February 2017 \\$SRCL](#)
- [Republic Services Inc Valuation – January 2017 \\$RSG](#)
- [Clean Harbors Inc Valuation – Initial Coverage \\$CLH](#)
- [Waste Management Inc Valuation – August 2016 \\$WM](#)
- [Stericycle Inc. Analysis – October 2015 Update \\$SRCL](#)
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