

ModernGraham Valuation

Company Name:

Sempra Energy

Company Ticker SRE

Date of Analysis

5/20/2018



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	\$26,989,600,308	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.37	Fail
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	-8.30%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	24.46	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.67	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	0.37	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-3.65	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		Fail
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.17
MG Growth Estimate	-0.23%
MG Value	\$33.53
MG Value based on 3% Growth	\$60.46
MG Value based on 0% Growth	\$35.44
Market Implied Growth Rate	7.98%

MG Opinion

Current Price	\$101.97
% of Intrinsic Value	304.13%
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$158.95
Graham Number	\$77.95
PEmg	24.46
Current Ratio	0.37
PB Ratio	1.67
Current Dividend	\$3.29
Dividend Yield	3.23%
Number of Consecutive Years of Dividend Growth	7

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		Next Fiscal Year Estimate	
Dec2017	\$5.35	Dec2017	\$4.17
Dec2016	\$1.01	Dec2016	\$3.75
Dec2015	\$5.46	Dec2015	\$4.94
Dec2014	\$5.37	Dec2014	\$4.66
Dec2013	\$4.63	Dec2013	\$4.23
Dec2012	\$4.01	Dec2012	\$4.05
Dec2011	\$3.48	Dec2011	\$4.10
Dec2010	\$5.51	Dec2010	\$4.37
Dec2009	\$2.86	Dec2009	\$3.96
Dec2008	\$4.52	Dec2008	\$4.48
Dec2007	\$4.43	Dec2007	\$4.21
Dec2006	\$4.16	Dec2006	\$3.88
Dec2005	\$5.38	Dec2005	\$3.55
Dec2004	\$3.65	Dec2004	\$2.62
Dec2003	\$0.92	Dec2003	\$2.16
Dec2002	\$3.03	Dec2002	\$2.66
Dec2001	\$2.87	Dec2001	\$2.34
Dec2000	\$2.52	Balance Sheet Information 3/1/2018	
Dec1999	\$2.06	Total Current Assets	\$3,394,000,000
Dec1998	\$1.66	Total Current Liabilities	\$9,109,000,000
	\$1.24	Long-Term Debt	\$20,863,000,000
		Total Assets	\$60,485,000,000
		Intangible Assets	\$3,002,000,000
		Total Liabilities	\$44,641,000,000
		Shares Outstanding (Diluted Average)	259,490,000





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

- [Sempra Energy Valuation – February 2017 \\$SRE](#)
- [Sempra Energy Valuation – October 2015 Update \\$SRE](#)
- [Sempra Energy Annual Valuation – October 2014 \\$SRE](#)

Other ModernGraham posts about related companies

- [NextEra Energy Inc Valuation – May 2018 \\$NEE](#)
- [PG&E Corp Valuation – April 2018 \\$PCG](#)
- [Dominion Energy Inc Valuation – April 2018 \\$D](#)
- [Exelon Corp Valuation – March 2018 \\$EXC](#)
- [NRG Energy Inc Valuation – March 2018 \\$NRG](#)
- [DTE Energy Co Valuation – March 2018 \\$DTE](#)
- [The AES Corp Valuation – March 2018 \\$AES](#)
- [FirstEnergy Corp Valuation – March 2018 \\$FE](#)
- [Edison International Valuation – March 2018 \\$EIX](#)
- [WEC Energy Group Inc Valuation – March 2018 \\$WEC](#)