ModernGraham Valuation

Company Name:

Main Street Capital Corporation



Company Ticker MAIN
Date of Analysis

7/1/2018

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.

Adequate Size of the Enterprise	Market Cap > \$2Bil	\$2,270,334,307 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.36 Fail
3. Earnings Stability	Positive EPS for 10 years prior	Pass
Dividend Record	Dividend Payments for 10 years prior	Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at	
5. Earnings Growth	beginning and end	28.00% Fail
Moderate PEmg Ratio	PEmg < 20	14.74 Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.60 Pass

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

Sufficiently Strong Financial Condition	Current Ratio > 1.5	0.36 Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-5.21 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	

Score

Suitability

Defensive No Enterprising No

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.58
MG Growth Estimate	-0.71%
MG Value	\$18.29
MG Value based on 3% Growth	\$37.43
MG Value based on 0% Growth	\$21.94
Market Implied Growth Rate	3.12%

MG Opinion

 Current Price
 \$38.06

 % of Intrinsic Value
 208.13%

Opinion Overvalued MG Grade D+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$15.65
Graham Number	\$35.80
PEmg	14.74
Current Ratio	0.36
PB Ratio	1.60
Current Dividend	\$2.25
Dividend Yield	5.90%
Number of Consecutive Years of Dividend	
Growth	3

Morningstar

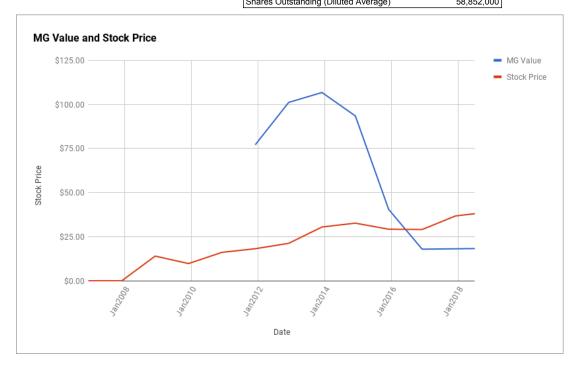
Useful Links: ModernGraham tagged articles

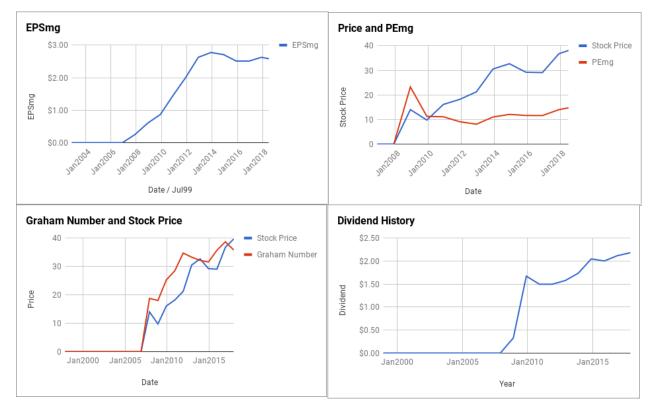
 Google Finance
 MSN Money

 Yahoo Finance
 Seeking Alpha

 GuruFocus
 SEC Filings

EPS History		EPSmg History	
Next Fiscal Year	***	Next Finest Vers Fatings.	60 50
Estimate	•	Next Fiscal Year Estimate	\$2.58
Dec2017	\$3.01	Dec2017	\$2.63
Dec2016	\$2.67	Dec2016	\$2.51
Dec2015	\$2.13	Dec2015	\$2.51
Dec2014	\$2.31	Dec2014	\$2.71
Dec2013	\$2.65	Dec2013	\$2.77
Dec2012	\$3.53	Dec2012	\$2.63
Dec2011	\$2.76	Dec2011	\$2.00
Dec2010	\$2.38	Dec2010	\$1.45
Dec2009	\$1.19	Dec2009	\$0.87
Dec2008	\$1.20	Dec2008	\$0.60
Dec2007	\$0.76	Dec2007	\$0.25
Dec2006	\$0.00	Dec2006	\$0.00
Dec2005	\$0.00	Dec2005	\$0.00
Dec2004	\$0.00	Dec2004	\$0.00
Dec2003	\$0.00	Dec2003	\$0.00
Dec2002	\$0.00	Dec2002	\$0.00
Dec2001	\$0.00	Balance Sheet Information	3/1/2018
Dec2000	\$0.00	Total Current Assets	\$83,560,000
Dec1999	\$0.00	Total Current Liabilities	\$230,406,000
Dec1998	\$0.00	Long-Term Debt	\$765,482,000
		Total Assets	\$2,401,175,000
		Intangible Assets	\$0
		Total Liabilities	\$1,004,575,000
		Shares Outstanding (Diluted Average)	58,852,000





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 Main Street Capital Corporation Valuation – September 2016 \$MAIN

Main Street Capital Corporation Analysis – Initial Coverage \$MAIN

Other ModernGraham posts about related companies Legg Mason Inc Valuation - June 2018 \$LM

T. Rowe Price Group Inc Valuation – June 2018 \$TROW

Moody's Corporation – June 2018 \$MCO

Charles Schwab Corp Valuation - June 2018 \$SCHW

Willis Towers Watson PLC Valuation – Initial Coverage June 2018 \$WLTW

<u>PayPal Holdings Inc Valuation – June 2018 \$PYPL</u> <u>Synchrony Financial Valuation – June 2018 \$SYF</u>

CBRE Group Inc Valuation – June 2018 \$CBRE

Franklin Resources Inc Valuation – May 2018 \$BEN

S&P Global Inc Valuation - May 2018 \$SPGI