

# ModernGraham Valuation

Science Applications  
International Corp



## Company Name:

Company Ticker SAIC

Date of Analysis

7/2/2018

## 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	\$3,447,240,116	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.34	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	37700.00%	Pass
6. Moderate PEmg Ratio	PEmg < 20	22.54	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	10.89	Fail

*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	1.34	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	4.13	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 Score		Pass

## Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$3.62
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$139.34</b>
MG Value based on 3% Growth	\$52.48
MG Value based on 0% Growth	\$30.76
Market Implied Growth Rate	7.02%

## MG Opinion

Current Price	\$81.57
% of Intrinsic Value	58.54%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>C-</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$18.57
Graham Number	\$26.35
PEmg	22.54
Current Ratio	1.34
PB Ratio	10.89
Current Dividend	\$1.24
Dividend Yield	1.52%
Number of Consecutive Years of Dividend Growth	5

## Useful Links:

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[GuruFocus](#)

[Morningstar](#)  
[MSN Money](#)  
[Seeking Alpha](#)  
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.20	Next Fiscal Year Estimate	\$3.62
Jan2018	\$4.02	Jan2018	\$3.21
Jan2017	\$3.12	Jan2017	\$2.58
Jan2016	\$2.47	Jan2016	\$2.05
Jan2015	\$2.91	Jan2015	\$1.58
Jan2014	\$2.27	Jan2014	\$0.76
Jan2013	\$0.00	Jan2013	\$0.00
Jan2012	\$0.00	Jan2012	\$0.00
Jan2011	\$0.00	Jan2011	\$0.00
Jan2010	\$0.00	Jan2010	\$0.00
Dec2009	\$0.00	Dec2009	\$0.00
Dec2008	\$0.00	Dec2008	\$0.00
Dec2007	\$0.00	Dec2007	\$0.00
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	<b>Balance Sheet Information 4/1/2018</b>	
Dec2001	\$0.00	Total Current Assets	\$930,000,000
Dec2000	\$0.00	Total Current Liabilities	\$695,000,000
Dec1999	\$0.00	Long-Term Debt	\$971,000,000
		Total Assets	\$2,061,000,000
		Intangible Assets	\$1,037,000,000
		Total Liabilities	\$1,736,000,000
		Shares Outstanding (Diluted Average)	43,400,000





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 [Science Applications International Corp Valuation – Initial Coverage \\$SAIC](#)

Other ModernGraham posts about related companies [Infosys Ltd Valuation – June 2018 \\$INFY](#)  
[Verisign Inc Valuation – May 2018 \\$VRSN](#)  
[Motorola Solutions Inc Valuation – May 2018 \\$MSI](#)  
[Leidos Holdings Inc Valuation – April 2018 \\$LDOS](#)  
[Gartner Inc Valuation – March 2018 \\$IT](#)  
[Cognizant Technology Solutions Corp – March 2018 \\$CTSH](#)  
[International Business Machines Corp Valuation – February 2018 \\$IBM](#)  
[Viavi Solutions Inc Valuation – Initial Coverage \\$VIAV](#)  
[Equinix Inc Valuation – July 2017 \\$EQIX](#)  
[Liquidity Services Inc Valuation – Initial Coverage \\$LQDT](#)