# **ModernGraham Valuation**

## **Company Name:**

**Science Applications International Corp** 



Company Ticker 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.

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
	Increase of 33% in EPS in past 10 years using 3 year averages at	
5. Earnings Growth	beginning and end	37700.00% Pass
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	Pass
	Score	

Suitability

Defensive No Nο Enterprising

### Stage 2: Determination of Intrinsic Value

EPSmg	\$3.62
MG Growth Estimate	15.00%
MG Value	\$139.34
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%
Opinion	Undervalued	
MG Grade	C-	

## Stage 3: Information for Further Research

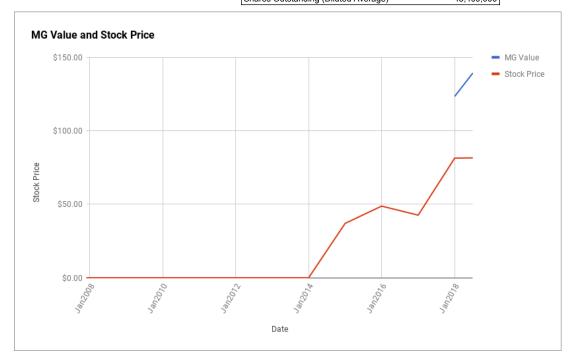
Ne	t Current Asset Value (NCAV)	-\$18.57
Gr	aham Number	\$26.35
PE	img	22.54
Cu	rrent Ratio	1.34
PB	Ratio	10.89
Cu	rrent Dividend	\$1.24
Div	vidend Yield	1.52%
	mber of Consecutive Years of Dividend	5
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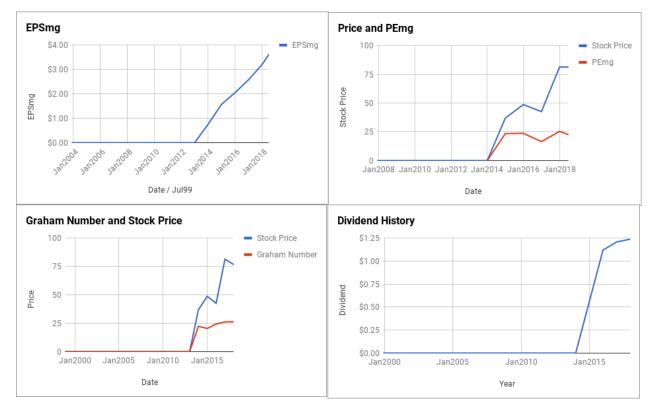
Morningstar

Useful Links: ModernGraham tagged articles

> Google Finance MSN Money Yahoo Finance Seeking Alpha **GuruFocus SEC Filings**

EPS History		EPSmg History	
Next Fiscal Year	2.00	Nove Figure 1 Value Fatigue 4	<b>**</b>
Estimate	•	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	Balance Sheet Information	4/1/2018
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 <u>Infosys Ltd Valuation – June 2018 \$INFY</u> <u>Verisign Inc Valuation – May 2018 \$VRSN</u>

<u>Motorola Solutions Inc Valuation – May 2018 \$MSI</u> <u>Leidos Holdings Inc Valuation – April 2018 \$LDOS</u>

Gartner Inc Valuation - March 2018 \$IT

Cognizant Technology Solutions Corp – March 2018 \$CTSH

International Business Machines Corp Valuation – February 2018 \$IBM

<u>Viavi Solutions Inc Valuation – Initial Coverage \$VIAV</u>

Equinix Inc Valuation - July 2017 \$EQIX

<u>Liquidity Services Inc Valuation – Initial Coverage \$LQDT</u>