

ModernGraham Valuation

Company Name:

Scholastic Corp

Company Ticker SCHL

Date of Analysis

7/23/2018



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 | \$1,440,183,236 | Fail |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2 | 2.01 | Pass |
| 3. Earnings Stability | Positive EPS for 10 years prior | | Fail |
| 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 | -49.07% | Fail |
| 5. Earnings Growth | | | |
| 6. Moderate PEmg Ratio | PEmg < 20 | 26.71 | Fail |
| 7. Moderate Price to Assets | PB Ratio < 2.5 OR PB*PEmg < 50 | 1.14 | 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 | 2.01 | Pass |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1 | 0.00 | Pass |
| 3. Earnings Stability | Positive EPS for 5 years prior | | Fail |
| 4. Dividend Record | Currently Pays Dividend | | Pass |
| 5. Earnings Growth | EPSmg greater than 5 years ago Score | | Fail |

Suitability

| | |
|---------------------|-----------|
| Defensive | No |
| Enterprising | No |

Stage 2: Determination of Intrinsic Value

| | |
|-----------------------------|----------------|
| EPSmg | \$1.55 |
| MG Growth Estimate | -4.25% |
| MG Value | \$12.59 |
| MG Value based on 3% Growth | \$22.54 |
| MG Value based on 0% Growth | \$13.21 |
| Market Implied Growth Rate | 9.11% |

MG Opinion

| | |
|----------------------|-------------------|
| Current Price | \$41.53 |
| % of Intrinsic Value | 329.78% |
| Opinion | Overvalued |
| MG Grade | F |

Stage 3: Information for Further Research

| | |
|--|---------|
| Net Current Asset Value (NCAV) | \$12.59 |
| Graham Number | \$37.80 |
| PEmg | 26.71 |
| Current Ratio | 2.01 |
| PB Ratio | 1.14 |
| Current Dividend | \$0.60 |
| Dividend Yield | 1.44% |
| Number of Consecutive Years of Dividend Growth | 0 |

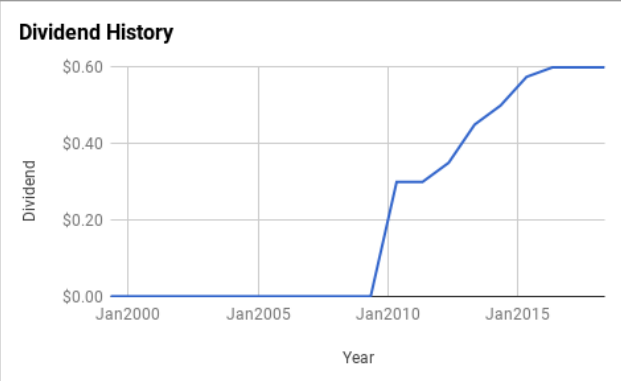
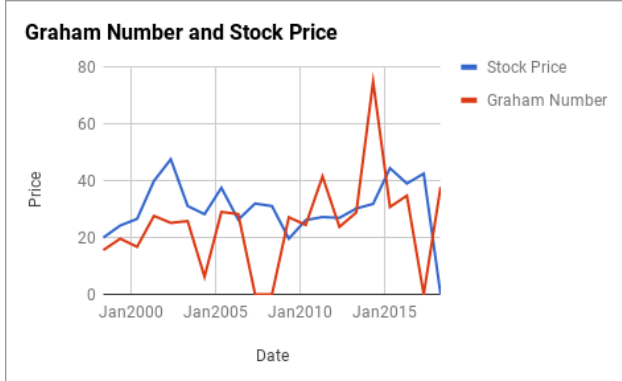
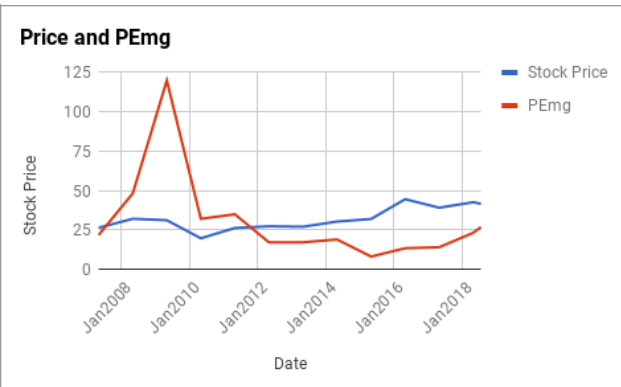
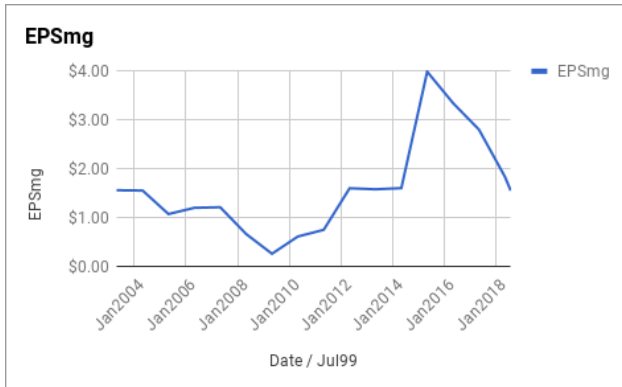
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| EPS History | | EPSmg History | |
|---------------------------|---------|---|-----------------|
| Next Fiscal Year Estimate | \$1.67 | Next Fiscal Year Estimate | \$1.55 |
| May2018 | -\$0.14 | May2018 | \$1.84 |
| May2017 | \$1.47 | May2017 | \$2.80 |
| May2016 | \$1.16 | May2016 | \$3.35 |
| May2015 | \$8.80 | May2015 | \$3.99 |
| May2014 | \$1.36 | May2014 | \$1.60 |
| May2013 | \$0.95 | May2013 | \$1.58 |
| May2012 | \$3.21 | May2012 | \$1.60 |
| May2011 | \$1.16 | May2011 | \$0.75 |
| May2010 | \$1.52 | May2010 | \$0.61 |
| May2009 | -\$0.39 | May2009 | \$0.26 |
| May2008 | -\$0.44 | May2008 | \$0.66 |
| May2007 | \$1.42 | May2007 | \$1.21 |
| May2006 | \$1.63 | May2006 | \$1.20 |
| May2005 | \$0.08 | May2005 | \$1.07 |
| May2004 | \$1.44 | May2004 | \$1.56 |
| May2003 | \$1.46 | May2003 | \$1.56 |
| May2002 | \$2.31 | Balance Sheet Information 2/1/2018 | |
| May2001 | \$0.94 | Total Current Assets | \$1,005,600,000 |
| May2000 | \$1.48 | Total Current Liabilities | \$499,600,000 |
| May1999 | \$1.10 | Long-Term Debt | \$0 |
| | | Total Assets | \$1,833,700,000 |
| | | Intangible Assets | \$119,100,000 |
| | | Total Liabilities | \$566,100,000 |
| | | Shares Outstanding (Diluted Average) | 34,900,000 |





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.

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