

# ModernGraham Valuation

Service Corporation  
International



## Company Name:

Company Ticker SCI

Date of Analysis

7/18/2018

## 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	\$6,890,062,632	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.59	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	246.88%	Pass
6. Moderate PEmg Ratio	PEmg < 20	21.52	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.72	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	0.59	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-13.77	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	\$1.75
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$67.25</b>
MG Value based on 3% Growth	\$25.33
MG Value based on 0% Growth	\$14.85
Market Implied Growth Rate	6.51%

### MG Opinion

Current Price	\$37.58
% of Intrinsic Value	55.88%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>C-</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$55.63
Graham Number	\$17.54
PEmg	21.52
Current Ratio	0.59
PB Ratio	4.72
Current Dividend	\$0.56
Dividend Yield	1.49%
Number of Consecutive Years of Dividend Growth	4

### Useful Links:

[ModernGraham tagged articles](#)  
[Google Finance](#)  
[Yahoo Finance](#)  
[GuruFocus](#)

[Morningstar](#)  
[MSN Money](#)  
[Seeking Alpha](#)  
[SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.81	Next Fiscal Year Estimate	\$1.75
Dec2017	\$2.84	Dec2017	\$1.57
Dec2016	\$0.90	Dec2016	\$0.90
Dec2015	\$1.14	Dec2015	\$0.87
Dec2014	\$0.81	Dec2014	\$0.71
Dec2013	\$0.68	Dec2013	\$0.63
Dec2012	\$0.70	Dec2012	\$0.59
Dec2011	\$0.61	Dec2011	\$0.54
Dec2010	\$0.50	Dec2010	\$0.50
Dec2009	\$0.49	Dec2009	\$0.43
Dec2008	\$0.37	Dec2008	\$0.35
Dec2007	\$0.85	Dec2007	\$0.31
Dec2006	\$0.19	Dec2006	\$0.00
Dec2005	-\$0.42	Dec2005	-\$0.25
Dec2004	\$0.34	Dec2004	-\$0.58
Dec2003	\$0.28	Dec2003	-\$1.20
Dec2002	-\$0.80	Dec2002	-\$1.73
Dec2001	-\$2.18	<b>Balance Sheet Information 3/1/2018</b>	
Dec2000	-\$4.75	Total Current Assets	\$351,005,000
Dec1999	-\$0.12	Total Current Liabilities	\$591,805,000
Dec1998	\$1.31	Long-Term Debt	\$3,316,695,000
		Total Assets	\$12,429,008,000
		Intangible Assets	\$1,819,134,000
		Total Liabilities	\$10,917,159,000
		Shares Outstanding (Diluted Average)	189,923,000





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 [Service Corporation Intl Valuation – Initial Coverage \\$SCI](#)

Other ModernGraham posts about related companies [Avon Products Inc Valuation – June 2018 \\$AVP](#)  
[Colgate-Palmolive Co Valuation – June 2018 \\$CL](#)  
[Coty Inc Valuation – May 2018 \\$COTY](#)  
[Church & Dwight Co Inc Valuation – April 2018 \\$CHD](#)  
[Kimberly-Clark Corp Valuation – March 2018 \\$KMB](#)  
[International Flavors & Fragrances Inc Valuation – March 2018 \\$IFF](#)  
[Signet Jewelers Ltd Valuation – March 2018 \\$SIG](#)  
[Estee Lauder Companies Inc Valuation – February 2018 \\$EL](#)  
[Proctor & Gamble Co Valuation – February 2018 \\$PG](#)  
[Colgate-Palmolive Co. Valuation – April 2017 \\$CL](#)