

ModernGraham Valuation

Company Name:

ScanSource, Inc.

Company Ticker SCSC

Date of Analysis

7/26/2018



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	\$1,068,944,408	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.09	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	6.66%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	18.63	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.22	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	2.09	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.40	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago		Fail
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.24
MG Growth Estimate	-0.41%
MG Value	\$17.20
MG Value based on 3% Growth	\$32.46
MG Value based on 0% Growth	\$19.03
Market Implied Growth Rate	5.06%

MG Opinion

Current Price	\$41.70
% of Intrinsic Value	242.44%
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

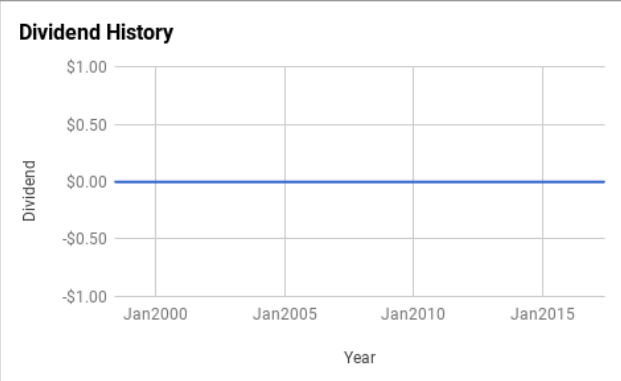
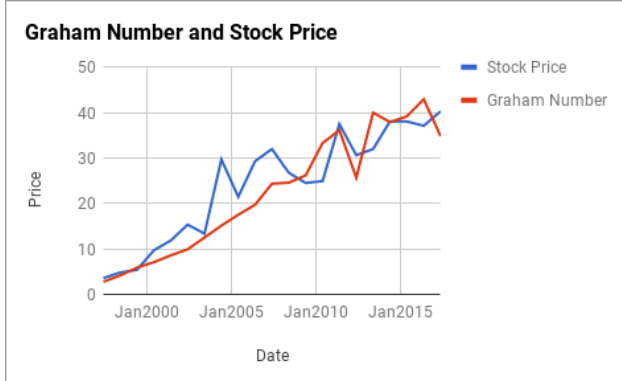
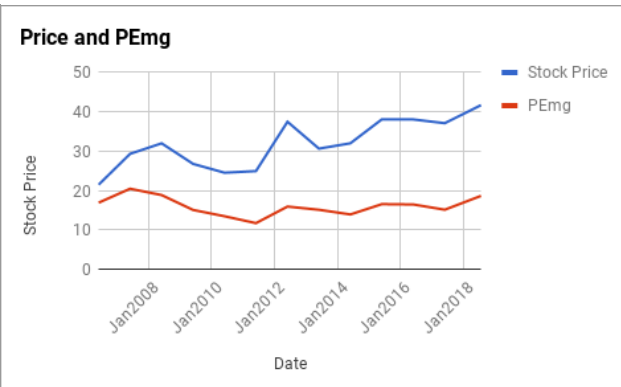
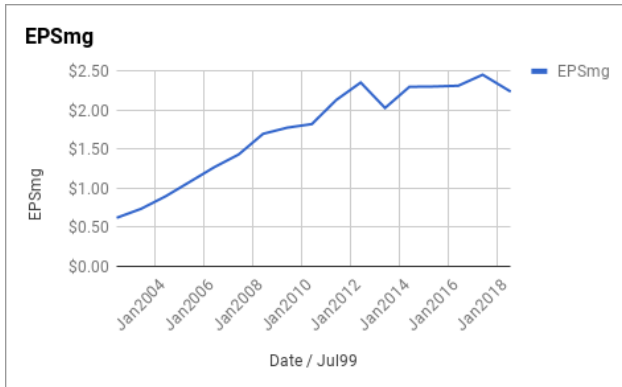
Net Current Asset Value (NCAV)	\$11.35
Graham Number	\$34.85
PEmg	18.63
Current Ratio	2.09
PB Ratio	1.22
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.64	Next Fiscal Year Estimate	\$2.24
Jun2017	\$2.71	Jun2017	\$2.46
Jun2016	\$2.38	Jun2016	\$2.31
Jun2015	\$2.27	Jun2015	\$2.30
Jun2014	\$2.86	Jun2014	\$2.30
Jun2013	\$1.24	Jun2013	\$2.03
Jun2012	\$2.68	Jun2012	\$2.36
Jun2011	\$2.70	Jun2011	\$2.13
Jun2010	\$1.82	Jun2010	\$1.82
Jun2009	\$1.79	Jun2009	\$1.78
Jun2008	\$2.10	Jun2008	\$1.70
Jun2007	\$1.63	Jun2007	\$1.43
Jun2006	\$1.53	Jun2006	\$1.27
Jun2005	\$1.37	Jun2005	\$1.08
Jun2004	\$1.13	Jun2004	\$0.90
Jun2003	\$0.87	Jun2003	\$0.74
Jun2002	\$0.80	Jun2002	\$0.62
Jun2001	\$0.67	Balance Sheet Information 3/1/2018	
Jun2000	\$0.58	Total Current Assets	\$1,340,913,000
Jun1999	\$0.33	Total Current Liabilities	\$641,467,000
Jun1998	\$0.24	Long-Term Debt	\$281,687,000
		Total Assets	\$1,927,975,000
		Intangible Assets	\$447,184,000
		Total Liabilities	\$1,050,179,000
		Shares Outstanding (Diluted Average)	25,606,000





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

- [10 Stocks for Using A Benjamin Graham Value Investing Strategy – January 2017](#)
- [9 Best Stocks for Value Investors This Week – 12/17/16](#)
- [ScanSource Inc Valuation – Initial Coverage \\$SCSC](#)

Other ModernGraham posts about related companies

- [Sanmina Corp Valuation – July 2018 \\$SANM](#)
- [II-VI Inc Valuation – July 2018 \\$IIVI](#)
- [CEVA Inc Valuation – July 2018 \\$CEVA](#)
- [MTS Systems Corp Valuation – June 2018 \\$MTSC](#)
- [Jabil Inc Valuation – June 2018 \\$JBL](#)
- [Arrow Electronics Inc Valuation – June 2018 \\$ARW](#)
- [Lam Research Corp Valuation – June 2018 \\$LRCX](#)
- [Emerson Electric Co Valuation – June 2018 \\$EMR](#)
- [Skyworks Solutions Inc Valuation – June 2018 \\$SWKS](#)
- [Garmin Ltd Valuation – June 2018 \\$GRMN](#)