

ModernGraham Valuation

Company Name:

Sleep Number Corp

Company Ticker SNBR

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	\$1,095,079,747	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.41	Fail
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	82.99%	Pass
5. Earnings Growth	PEmg < 20	20.47	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	32.06	Fail
7. Moderate Price to Assets			

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	0.41	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	Fail
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 Score		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.43
MG Growth Estimate	3.54%
MG Value	\$22.31
MG Value based on 3% Growth	\$20.77
MG Value based on 0% Growth	\$12.18
Market Implied Growth Rate	5.99%

MG Opinion

Current Price	\$29.33
% of Intrinsic Value	131.46%
Opinion	Overvalued
MG Grade	F

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$7.12
Graham Number	\$9.54
PEmg	20.47
Current Ratio	0.41
PB Ratio	32.06
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		Next Fiscal Year Estimate	
Dec2017	\$1.55	Dec2017	\$1.24
Dec2016	\$1.10	Dec2016	\$1.11
Dec2015	\$0.97	Dec2015	\$1.13
Dec2014	\$1.25	Dec2014	\$1.16
Dec2013	\$1.08	Dec2013	\$1.07
Dec2012	\$1.37	Dec2012	\$0.85
Dec2011	\$1.07	Dec2011	\$0.49
Dec2010	\$0.57	Dec2010	\$0.21
Dec2009	\$0.77	Dec2009	\$0.11
Dec2008	-\$1.59	Dec2008	-\$0.07
Dec2007	\$0.57	Dec2007	\$0.67
Dec2006	\$0.85	Dec2006	\$0.70
Dec2005	\$0.76	Dec2005	\$0.55
Dec2004	\$0.53	Dec2004	\$0.29
Dec2003	\$0.46	Dec2003	\$0.05
Dec2002	\$0.73	Dec2002	-\$0.19
Dec2001	-\$0.44	Balance Sheet Information	
Dec2000	-\$1.39	3/1/2018	
Dec1999	-\$0.30	Total Current Assets	\$142,381,000
Dec1998	\$0.13	Total Current Liabilities	\$345,668,000
		Long-Term Debt	\$0
		Total Assets	\$458,701,000
		Intangible Assets	\$77,042,000
		Total Liabilities	\$422,704,000
		Shares Outstanding (Diluted Average)	39,347,000





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

Select Comfort Corp Valuation – Initial Coverage \$SCSS

Other
ModernGraham
posts about related
companies

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[Leggett & Platt Inc Valuation – June 2018 \\$LEG](#)
[Clorox Co Valuation – May 2018 \\$CLX](#)
[Newell Brands Inc Valuation – March 2018 \\$NWL](#)
[La-Z-Boy Inc Valuation – Initial Coverage \\$LZB](#)
[Tupperware Brands Corp Valuation – Initial Coverage \\$TUP](#)
[Leggett & Platt Inc Valuation – March 2017 \\$LEG](#)
[Newell Brands Inc Valuation – February 2017 \\$NWL](#)
[Clorox Company Valuation – January 2017 \\$CLX](#)
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