

ModernGraham Valuation

Company Name:

SM Energy Co

Company Ticker

SM

Date of Analysis

8/2/2018



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.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$3,248,081,968	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.42	Fail
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	-352.59%	Fail
5. Earnings Growth	PEmg < 20	-10.48	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.19	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	1.42	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	10.63	Fail
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	-\$2.72
MG Growth Estimate	-4.25%
MG Value	\$0.00
MG Value based on 3% Growth	-\$39.43
MG Value based on 0% Growth	-\$23.11
Market Implied Growth Rate	-9.49%

MG Opinion

Current Price	\$28.49
% of Intrinsic Value	N/A
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

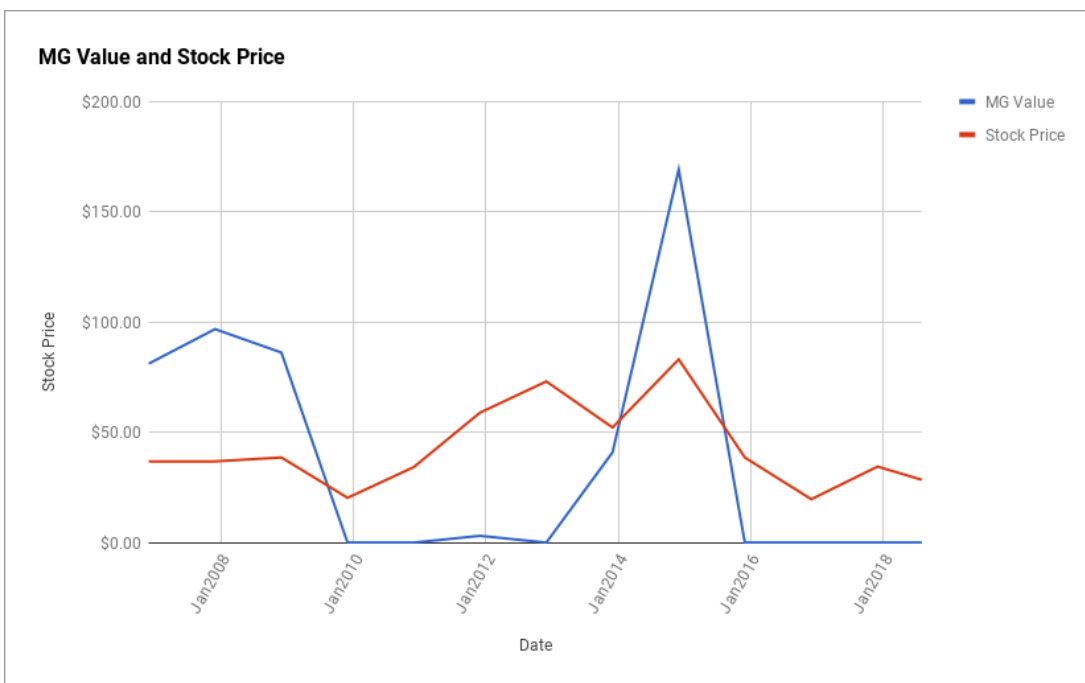
Net Current Asset Value (NCAV)	-\$26.80
Graham Number	\$0.00
PEmg	-10.48
Current Ratio	1.42
PB Ratio	1.19
Current Dividend	\$0.10
Dividend Yield	0.35%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Dec2017	-\$0.38	Dec2017	-\$2.72
Dec2016	-\$1.44	Dec2016	-\$2.97
Dec2015	-\$9.90	Dec2015	-\$2.83
Dec2014	-\$6.61	Dec2014	\$1.01
Dec2013	\$9.79	Dec2013	\$4.39
Dec2012	\$2.51	Dec2012	\$1.55
Dec2011	-\$0.83	Dec2011	\$1.06
Dec2010	\$3.19	Dec2010	\$1.94
Dec2009	\$3.04	Dec2009	\$1.45
Dec2008	-\$1.59	Dec2008	\$0.97
Dec2007	\$1.38	Dec2007	\$2.24
Dec2006	\$2.94	Dec2006	\$2.52
Dec2005	\$2.94	Dec2005	\$2.11
Dec2004	\$2.33	Dec2004	\$1.55
Dec2003	\$1.44	Dec2003	\$1.11
Dec2002	\$1.40	Dec2002	\$0.87
Dec2001	\$0.49	Dec2002	\$0.53
Dec2000	\$0.71	Balance Sheet Information	
Dec1999	\$0.99	3/1/2018	
Dec1998	\$0.00	Total Current Assets	\$923,192,000
	-\$0.20	Total Current Liabilities	\$649,176,000
		Long-Term Debt	\$2,912,248,000
		Total Assets	\$6,659,988,000
		Intangible Assets	\$0
		Total Liabilities	\$3,947,891,000
		Shares Outstanding (Diluted Average)	112,879,000





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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company

[SM Energy Co Valuation – Initial Coverage \\$SM](#)

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