

ModernGraham Valuation

Company Name:

Scotts Miracle-Gro Co

Company Ticker SMG

Date of Analysis

8/4/2018



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	\$4,517,601,716	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.81	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	9.14%	Fail
5. Earnings Growth	PEmg < 20	31.94	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	9.12	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	1.81	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.64	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		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.47
MG Growth Estimate	0.09%
MG Value	\$21.40
MG Value based on 3% Growth	\$35.75
MG Value based on 0% Growth	\$20.96
Market Implied Growth Rate	11.72%

MG Opinion

Current Price	\$78.75
% of Intrinsic Value	368.03%
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

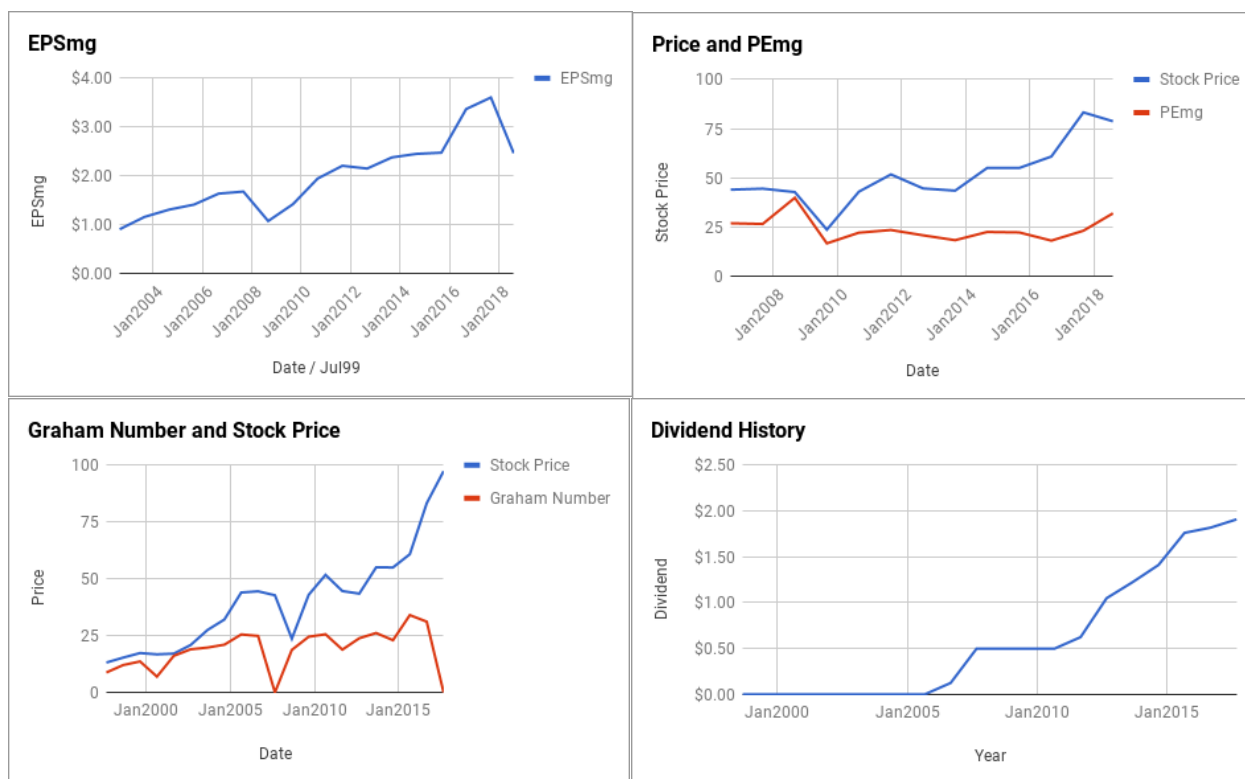
Net Current Asset Value (NCAV)	-\$25.09
Graham Number	\$0.00
PEmg	31.94
Current Ratio	1.81
PB Ratio	9.12
Current Dividend	\$2.03
Dividend Yield	2.58%
Number of Consecutive Years of Dividend Growth	8

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	\$2.47
Sep2017	\$3.63	Sep2017	\$3.61
Sep2016	\$5.09	Sep2016	\$3.37
Sep2015	\$2.57	Sep2015	\$2.47
Sep2014	\$2.65	Sep2014	\$2.45
Sep2013	\$2.57	Sep2013	\$2.38
Sep2012	\$1.71	Sep2012	\$2.15
Sep2011	\$2.54	Sep2011	\$2.21
Sep2010	\$3.02	Sep2010	\$1.94
Sep2009	\$2.32	Sep2009	\$1.42
Sep2008	-\$0.17	Sep2008	\$1.07
Sep2007	\$1.69	Sep2007	\$1.68
Sep2006	\$1.91	Sep2006	\$1.64
Sep2005	\$1.47	Sep2005	\$1.41
Sep2004	\$1.52	Sep2004	\$1.31
Sep2003	\$1.62	Sep2003	\$1.16
Sep2002	\$1.31	Sep2002	\$0.91
Sep2001	\$0.25	Balance Sheet Information 3/1/2018	
Sep2000	\$1.13	Total Current Assets	\$1,639,300,000
Sep1999	\$1.04	Total Current Liabilities	\$906,100,000
Sep1998	\$0.60	Long-Term Debt	\$1,937,700,000
		Total Assets	\$3,575,500,000
		Intangible Assets	\$1,244,400,000
		Total Liabilities	\$3,079,600,000
		Shares Outstanding (Diluted Average)	57,400,000





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

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[Scotts Miracle-Gro Inc Valuation – Initial Coverage \\$SMG](#)

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[Monsanto Company Valuation – March 2017 \\$MON](#)
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