

ModernGraham Valuation

Stewart Information
Services Corp



Company Name:

Company Ticker STC

Date of Analysis

8/26/2018

Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass all 6 of the following tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$1,074,196,017	Fail
2. Earnings Stability	Positive EPS for 10 years prior		Fail
3. 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		
4. Earnings Growth		-284.27%	Fail
5. Moderate PEmg Ratio	PEmg < 20	26.09	Fail
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.60	Pass

Enterprising Investor; must pass all 3 of the following tests, or be suitable for the Defensive Investor.

1. Earnings Stability	Positive EPS for 5 years prior		Fail
2. Dividend Record	Currently Pays Dividend		Pass
3. Earnings Growth	EPSmg greater than 5 years ago		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	1.73
MG Growth Estimate	-1.99%
MG Value	\$7.85
MG Value based on 3% Growth	\$25.14
MG Value based on 0% Growth	\$14.74
Market Implied Growth Rate	8.79%

MG Opinion

Current Price	\$45.24
% of Intrinsic Value	576.27%
Opinion	Overvalued
MG Grade	D+

Stage 3: Information for Further Research

Graham Number	\$38.30
PEmg	26.09
PB Ratio	1.60
Dividend Yield	2.65%
Number of Consecutive Years of Dividend Growth	3

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	\$2.30	Next Fiscal Year Estimate	\$1.73
Dec2017	\$2.06	Dec2017	\$1.47
Dec2016	\$1.85	Dec2016	\$1.45
Dec2015	-\$0.26	Dec2015	\$1.39
Dec2014	\$1.24	Dec2014	\$2.00
Dec2013	\$2.60	Dec2013	\$1.84
Dec2012	\$4.61	Dec2012	\$0.15
Dec2011	\$0.12	Dec2011	-\$2.68
Dec2010	-\$0.69	Dec2010	-\$3.85
Dec2009	-\$2.80	Dec2009	-\$4.38
Dec2008	-\$13.68	Dec2008	-\$3.73
Dec2007	-\$2.21	Dec2007	\$1.93
Dec2006	\$2.36	Dec2006	\$4.27
Dec2005	\$4.86	Dec2005	\$5.13
Dec2004	\$4.53	Dec2004	\$4.83
Dec2003	\$6.88	Dec2003	\$4.47
Dec2002	\$5.43	Dec2002	\$3.09
Dec2001	\$2.98		
Dec2000	\$0.04		
Dec1999	\$1.95		
Dec1998	\$3.32		
		Balance Sheet Information	6/1/2018
		Long-Term Debt & Capital Lease Obligation	\$107,657,000
		Total Assets	\$1,357,899,000
		Intangible Assets	\$253,874,000
		Total Liabilities	\$691,662,000
		Shares Outstanding (Diluted Average)	23,625,000





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 [Stewart Information Services Corp Valuation – Initial Coverage \\$STC](#)

- Other ModernGraham posts about related companies
- [Kemper Corp Valuation – August 2018 \\$KMPR](#)
 - [CNO Financial Group Inc Valuation – August 2018 \\$CNO](#)
 - [Sun Life Financial Inc Valuation – August 2018 \\$TSE-SLF](#)
 - [American Financial Group Inc Valuation – August 2018 \\$AFG](#)
 - [Selective Insurance Group Inc Valuation – July 2018 \\$SIGI](#)
 - [Genworth Financial Inc Valuation – June 2018 \\$GNW](#)
 - [Prudential Financial Inc Valuation – June 2018 \\$PRU](#)
 - [Assurant Inc Valuation – June 2018 \\$AIZ](#)
 - [Torchmark Corp Valuation – June 2018 \\$TMK](#)
 - [Humana Inc Valuation – June 2018 \\$HUM](#)