

# ModernGraham Valuation

Company Name:

Southern Co

Company Ticker SO

Date of Analysis

1/17/2019



## 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	\$48,326,917,585	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.72	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
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	-22.24%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	24.70	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.70	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	0.72	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-11.57	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Fail
	Score		

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$1.90
MG Growth Estimate	-2.36%
<b>MG Value</b>	<b>\$7.18</b>
MG Value based on 3% Growth	\$27.57
MG Value based on 0% Growth	\$16.16
Market Implied Growth Rate	8.10%

### MG Opinion

Current Price	\$46.97
% of Intrinsic Value	654.19%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>D</b>

## Stage 3: Information for Further Research

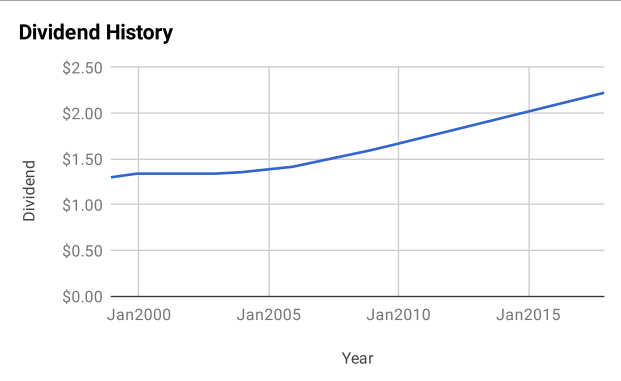
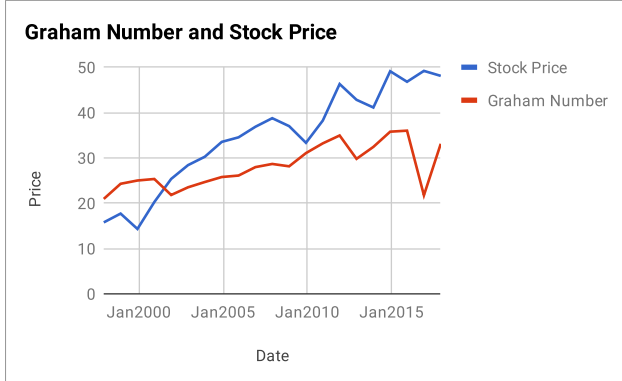
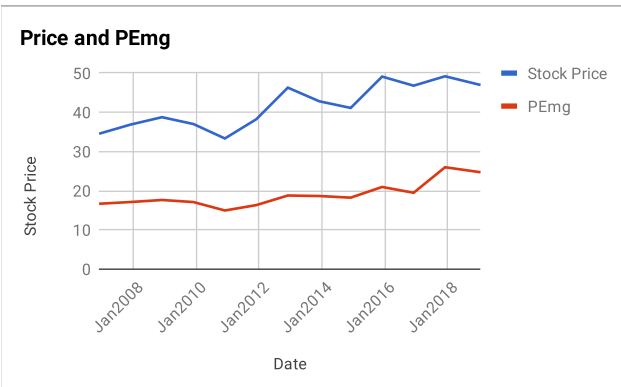
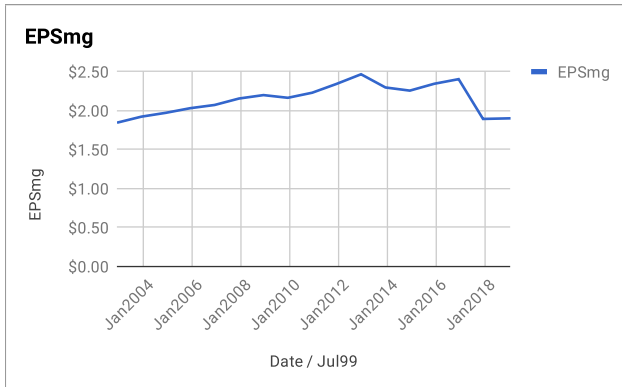
Net Current Asset Value (NCAV)	-\$71.86
Graham Number	\$33.10
PEmg	24.70
Current Ratio	0.72
PB Ratio	1.70
Current Dividend	\$2.30
Dividend Yield	4.90%
Number of Consecutive Years of Dividend Growth	17

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.03	Next Fiscal Year Estimate	\$1.90
Dec2017	\$0.84	Dec2017	\$1.89
Dec2016	\$2.55	Dec2016	\$2.40
Dec2015	\$2.59	Dec2015	\$2.34
Dec2014	\$2.18	Dec2014	\$2.26
Dec2013	\$1.87	Dec2013	\$2.30
Dec2012	\$2.67	Dec2012	\$2.47
Dec2011	\$2.55	Dec2011	\$2.34
Dec2010	\$2.36	Dec2010	\$2.23
Dec2009	\$2.06	Dec2009	\$2.16
Dec2008	\$2.25	Dec2008	\$2.20
Dec2007	\$2.28	Dec2007	\$2.16
Dec2006	\$2.10	Dec2006	\$2.07
Dec2005	\$2.13	Dec2005	\$2.03
Dec2004	\$2.06	Dec2004	\$1.97
Dec2003	\$2.02	Dec2003	\$1.92
Dec2002	\$1.85	Dec2002	\$1.85
Dec2001	\$1.82	<b>Balance Sheet Information 9/1/2018</b>	
Dec2000	\$2.01	Total Current Assets	\$9,384,000,000
Dec1999	\$1.86	Total Current Liabilities	\$12,965,000,000
Dec1998	\$1.40	Long-Term Debt	\$41,425,000,000
		Total Assets	\$111,717,000,000
		Intangible Assets	\$5,989,000,000
		Total Liabilities	\$83,328,000,000
		Shares Outstanding (Diluted Average)	1,029,000,000





**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**
- [Southern Co Valuation – March 2018 \\$SO](#)
  - [Southern Company Valuation – June 2016 \\$SO](#)
  - [58 Companies in the Spotlight This Week – 1/31/15](#)
  - [Southern Company Annual Valuation – 2015 \\$SO](#)
  - [14 Companies in the Spotlight This Week – 1/25/14](#)

- Other ModernGraham posts about related companies**
- [CMS Energy Corp Valuation – January 2019 \\$CMS](#)
  - [Xcel Energy Inc Valuation – December 2018 \\$XEL](#)
  - [California Water Service Group Valuation – October 2018 \\$CWT](#)
  - [Canadian Utilities Ltd Valuation – September 2018 \\$TSE:CU](#)
  - [Spire Inc Valuation – August 2018 \\$SR](#)
  - [Capital Power Corp Valuation – August 2018 \\$TSE-CPX](#)
  - [Superior Plus Corp Valuation – August 2018 \\$TSX-SPB](#)
  - [Just Energy Group Inc Valuation – August 2018 \\$TSE:JE](#)
  - [South Jersey Industries Inc Valuation – July 2018 \\$SJI](#)
  - [Innervex Renewable Energy Inc Valuation – July 2018 \\$TSE:INE](#)