

ModernGraham Valuation

Charles Schwab
Corporation
Common Stock



Company Name:

Company Ticker SCHW

Date of Analysis

3/23/2019

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	\$55,714,926,383	Pass
2. Earnings Stability	Positive EPS for 10 years prior		Pass
3. Dividend Record	Dividend Payments for 10 years prior		Pass
4. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	279.10%	Pass
5. Moderate PEmg Ratio	PEmg < 20	19.89	Pass
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.74	Fail

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		Pass
2. Dividend Record	Currently Pays Dividend		Pass
3. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	2.10
MG Growth Estimate	15.00%
MG Value	\$80.93
MG Value based on 3% Growth	\$30.48
MG Value based on 0% Growth	\$17.87
Market Implied Growth Rate	5.69%

MG Opinion

Current Price	\$41.80
% of Intrinsic Value	51.65%
Opinion	Undervalued
MG Grade	B-

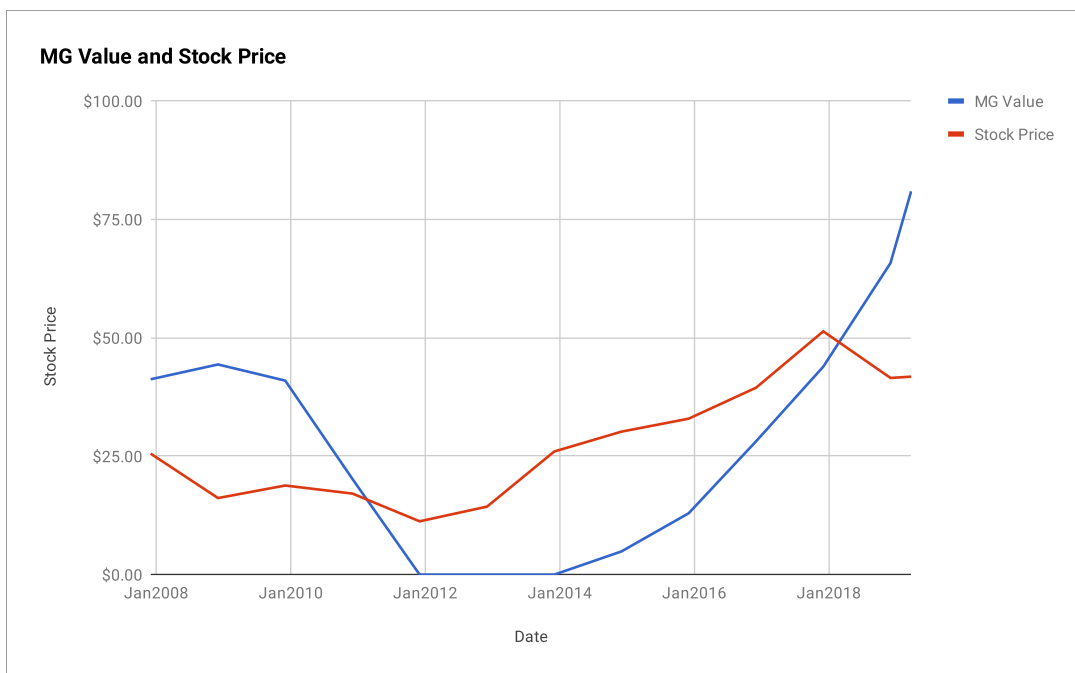
Stage 3: Information for Further Research

Graham Number	\$28.09
PEmg	19.89
PB Ratio	2.74
Dividend Yield	1.10%
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	\$2.65	Next Fiscal Year Estimate	\$2.10
Dec2018	\$2.45	Dec2018	\$1.71
Dec2017	\$1.61	Dec2017	\$1.27
Dec2016	\$1.31	Dec2016	\$1.05
Dec2015	\$1.03	Dec2015	\$0.89
Dec2014	\$0.95	Dec2014	\$0.78
Dec2013	\$0.78	Dec2013	\$0.68
Dec2012	\$0.69	Dec2012	\$0.65
Dec2011	\$0.70	Dec2011	\$0.74
Dec2010	\$0.38	Dec2010	\$0.84
Dec2009	\$0.68	Dec2009	\$1.06
Dec2008	\$1.05	Dec2008	\$1.15
Dec2007	\$1.97	Dec2007	\$1.07
Dec2006	\$0.95	Dec2006	\$0.56
Dec2005	\$0.55	Dec2005	\$0.33
Dec2004	\$0.21	Dec2004	\$0.23
Dec2003	\$0.35	Dec2003	\$0.27
Dec2002	\$0.08	Balance Sheet Information 12/1/2018	
Dec2001	\$0.14	Long-Term Debt & Capital Lease Obligation	\$6,878,000,000
Dec2000	\$0.51	Total Assets	\$296,482,000,000
Dec1999	\$0.49	Intangible Assets	\$1,379,000,000
		Total Liabilities	\$275,812,000,000
		Shares Outstanding (Diluted Average)	1,355,000,000





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

- [Charles Schwab Corp Valuation – June 2018 \\$SCHW](#)
- [Charles Schwab Corp Valuation – March 2017 \\$SCHW](#)
- [Charles Schwab Corp Valuation – August 2016 \\$SCHW](#)
- [27 Companies in the Spotlight This Week – 4/4/15](#)
- [Charles Schwab Corporation Annual Valuation – 2015 \\$SCHW](#)

Other ModernGraham posts about related companies

- [Willis Towers Watson PLC Valuation – March 2019 #WLTW](#)
- [Paypal Holdings Inc Valuation – March 2019 #PYPL](#)
- [Synchrony Financial Valuation – March 2019 #SYF](#)
- [CBRE Group Inc Valuation – March 2019 #CBRE](#)
- [Franklin Resources Inc Valuation – March 2019 #BEN](#)
- [S&P Global Inc Valuation – March 2019 #SPGI](#)
- [Equifax Inc Valuation – March 2019 #EFX](#)
- [CME Group Inc Valuation – March 2019 #CME](#)
- [Northern Trust Corp Valuation – March 2019 #NTRS](#)
- [Affiliated Managers Group Inc Valuation – February 2019 \\$AMG](#)