

ModernGraham Valuation

Company Name:

Synchrony Financial

Company Ticker SYF

Date of Analysis

3/17/2019



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	\$23,645,504,194	Pass
2. Earnings Stability	Positive EPS for 10 years prior		Fail
3. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end		
4. Earnings Growth		347.91%	Pass
5. Moderate PEmg Ratio	PEmg < 20	9.91	Pass
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.64	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		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	3.36
MG Growth Estimate	7.74%
MG Value	\$80.62
MG Value based on 3% Growth	\$48.76
MG Value based on 0% Growth	\$28.58
Market Implied Growth Rate	0.70%

MG Opinion

Current Price	\$33.31
% of Intrinsic Value	41.32%
Opinion	Undervalued
MG Grade	A-

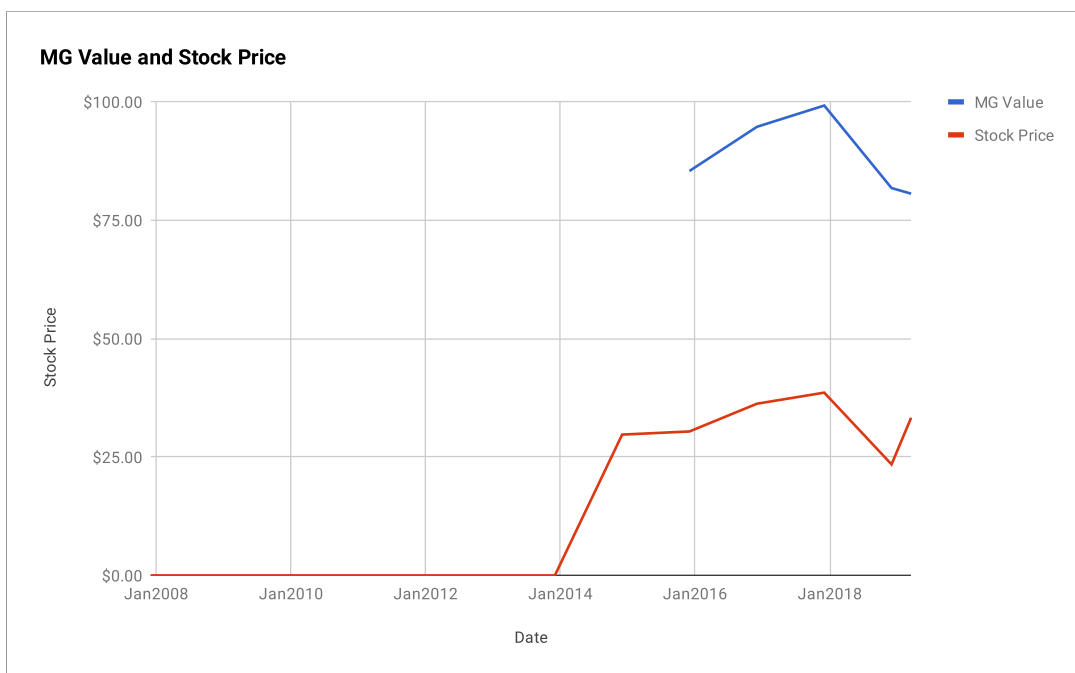
Stage 3: Information for Further Research

Graham Number	\$43.03
PEmg	9.91
PB Ratio	1.64
Dividend Yield	2.16%
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	\$4.03	Next Fiscal Year Estimate	\$3.36
Dec2018	\$3.74	Dec2018	\$2.97
Dec2017	\$2.42	Dec2017	\$2.58
Dec2016	\$2.71	Dec2016	\$2.46
Dec2015	\$2.65	Dec2015	\$2.22
Dec2014	\$2.78	Dec2014	\$1.82
Dec2013	\$2.21	Dec2013	\$1.19
Dec2012	\$0.00	Dec2012	\$0.61
Dec2011	\$2.28	Dec2011	\$0.76
Dec2010	\$0.00	Dec2010	\$0.00
Dec2009	\$0.00	Dec2009	\$0.00
Dec2008	\$0.00	Dec2008	\$0.00
Dec2007	\$0.00	Dec2007	\$0.00
Dec2006	\$0.00	Dec2006	\$0.00
Dec2005	\$0.00	Dec2005	\$0.00
Dec2004	\$0.00	Dec2004	\$0.00
Dec2003	\$0.00	Dec2003	\$0.00
Dec2002	\$0.00	Balance Sheet Information 12/1/2018	
Dec2001	\$0.00	Long-Term Debt & Capital Lease Obligation	\$23,996,000,000
Dec2000	\$0.00	Total Assets	\$106,792,000,000
Dec1999	\$0.00	Intangible Assets	\$2,161,000,000
		Total Liabilities	\$92,114,000,000
		Shares Outstanding (Diluted Average)	720,500,000





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

- [10 Undervalued Stocks for the Enterprising Investor – January 2019](#)
- [Most Undervalued Stocks of the S&P 500 – August 2018](#)
- [10 Undervalued Stocks for the Enterprising Investor – August 2018](#)
- [10 Undervalued Stocks for the Enterprising Investor – July 2018](#)
- [Synchrony Financial Valuation – June 2018 \\$SYF](#)

Other ModernGraham posts about related companies

- [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](#)
- [Bank of New York Mellon Corp Valuation – February 2019 \\$BK](#)
- [Western Union Co Valuation – February 2019 \\$WU](#)
- [Raymond James Financial Valuation – February 2019 \\$RJF](#)