

# ModernGraham Valuation

Company Name:

Cintas Corporation

Company Ticker CTAS

Date of Analysis

8/24/2015



## 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	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	Pass
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	Pass
5. Earnings Growth	PEmg < 20	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	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	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	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	Pass

### Suitability

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

## Stage 2: Determination of Intrinsic Value

EPSmg	3.33
MG Growth Estimate	12.33%
<b>MG Value</b>	<b>\$110.24</b>
MG Value based on 3% Growth	\$48.22
MG Value based on 0% Growth	\$28.27
Market Implied Growth Rate	8.17%

### MG Opinion

Current Price	\$82.59
% of Intrinsic Value	74.92%
<b>Opinion</b>	<b>Undervalued</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$4.54
PEmg	24.84
Current Ratio	2.79
PB Ratio	4.94
Dividend Yield	1.03%
Number of Consecutive Years of Dividend Growth	20

### 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	\$3.78	Next Fiscal Year Estimate	\$3.33
May15	\$3.63	May15	\$2.94
May14	\$3.05	May14	\$2.46
May13	\$2.52	May13	\$2.07
May12	\$2.27	May12	\$1.83
May11	\$1.68	May11	\$1.66
May10	\$1.40	May10	\$1.70
May09	\$1.48	May09	\$1.85
May08	\$2.15	May08	\$1.99
May07	\$2.09	May07	\$1.85
May06	\$1.92	May06	\$1.68
May05	\$1.69	May05	\$1.53
May04	\$1.54	May04	\$1.42
May03	\$1.45	May03	\$1.31
May02	\$1.36	May02	\$1.19
May01	\$1.30	May01	\$1.06
May00	\$1.14	May00	\$0.90
May99	\$0.82	<b>Balance Sheet Information</b> <b>May15</b>	
May98	\$0.82	Total Current Assets	\$1,735,807,000
May97	\$0.70	Total Current Liabilities	\$621,058,000
May96	\$0.59	Long-Term Debt	\$1,300,000,000
		Total Assets	\$4,192,460,000
		Intangible Assets	\$1,238,046,000
		Total Liabilities	\$2,260,005,000
		Shares Outstanding (Diluted Average)	115,530,000



#### 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

[24 Companies in the Spotlight This Week – 3/28/15](#)  
[Cintas Corporation Quarterly Valuation – March 2015 \\$CTAS](#)  
[27 Companies in the Spotlight This Week – 12/20/14](#)  
[Cintas Corporation Quarterly Valuation – December 2014 \\$CTAS](#)

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[Apollo Education Group Inc. Analysis – Initial Coverage \\$APOL](#)  
[Paychex Inc. Analysis – August 2015 Update \\$PAYX](#)  
[Robert Half International Inc. Analysis – August 2015 Update \\$RHI](#)  
[United Rentals Inc. Analysis – Initial Coverage \\$URI](#)  
[Automatic Data Processing Analysis – June 2015 Update \\$ADP](#)  
[Accenture plc Analysis – June 2015 Update \\$ACN](#)  
[Fiserv Inc. Analysis – 2015 Annual Update \\$FISV](#)  
[Paychex Inc. Quarterly Valuation – May 2015 \\$PAYX](#)  
[Robert Half International Quarterly Valuation – May 2015 \\$RHI](#)  
[Omnicom Group Inc. Annual Valuation – 2015 \\$OMC](#)