ModernGraham Valuation

Company Name:

Cintas Corporation



Company Ticker Date of Analysis

7/21/2016

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.

CTAS

 Adequate Size of the Enterprise 	Market Cap > \$2Bil	\$12,592,815,164 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.95 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	
5. Earnings Growth	beginning and end	179.13% Pass
6. Moderate PEmg Ratio	PEmg < 20	24.63 Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	6.40 Fail

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	1.95 Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.36 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

MG Opinion

Defensive No Enterprising Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.36
MG Growth Estimate	15.00%
MG Value	\$167.73
MG Value based on 3% Growth	\$63.17
MG Value based on 0% Growth	\$37.03
Market Implied Growth Rate	8.06%
Current Price	\$107.30
% of Intrinsic Value	63.97%

Opinion Undervalued

MG Grade B

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$6.11
Graham Number	\$40.34
PEmg	24.63
Current Ratio	1.95
PB Ratio	6.40
Current Dividend	\$1.05
Dividend Yield	0.98%
Number of Consecutive Years of Dividend Growth	20

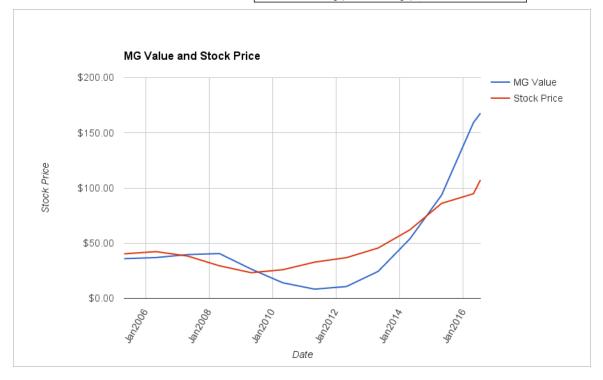
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EPS History		EPSmg History	
Next Fiscal Year	£4.20	Next Fiscal Year Estimate	¢4.26
Estimate	•	•	\$4.36
May2016	\$6.21	May2016	\$4.14
May2015	\$3.63	·	\$2.94
May2014	\$3.05	May2014	\$2.46
May2013	\$2.52	May2013	\$2.07
May2012	\$2.27	May2012	\$1.83
May2011	\$1.68	May2011	\$1.66
May2010	\$1.40	May2010	\$1.70
May2009	\$1.48	May2009	\$1.80
May2008	\$2.15	May2008	\$2.00
May2007	\$2.09	May2007	\$1.8
May2006	\$1.94	May2006	\$1.7
May2005	\$1.74	May2005	\$1.50
May2004	\$1.58	May2004	\$1.43
May2003	\$1.45	May2003	\$1.3
May2002	\$1.36	May2002	\$1.1
May2001	\$1.30	May2001	\$1.0
May2000	\$1.14	Balance Sheet Information	5/1/2010
May1999	\$0.82	Total Current Assets	\$1,590,035,000
May1998	\$0.79	Total Current Liabilities	\$815,555,000
May1997	\$0.64	Long-Term Debt	\$1,050,000,000
		Total Assets	\$4,104,393,000
		Intangible Assets	\$1,375,308,000
		Total Liabilities	\$2,261,734,000
		Shares Outstanding (Diluted Average)	109,956,000





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.

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Dividend Growth Stocks for Intelligent Investors – February 2016

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Cintas Corp Valuation – December 2015 Update \$CTAS

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Other ModernGraham posts about related companies Pitney Bowes Inc Valuation – July 2016 \$PBI

Xerox Corp Valuation – June 2016 \$XRX

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Robert Half International Inc Valuation – February 2016 \$RHI

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