

ModernGraham Valuation

Company Name:

Cintas Corporation

Company Ticker CTAS

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.

1. 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
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at 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

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%

MG Opinion

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 Estimate	\$4.20	Next Fiscal Year Estimate	\$4.36
May2016	\$6.21	May2016	\$4.14
May2015	\$3.63	May2015	\$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	\$1.86
May2008	\$2.15	May2008	\$2.00
May2007	\$2.09	May2007	\$1.87
May2006	\$1.94	May2006	\$1.71
May2005	\$1.74	May2005	\$1.56
May2004	\$1.58	May2004	\$1.43
May2003	\$1.45	May2003	\$1.31
May2002	\$1.36	May2002	\$1.19
May2001	\$1.30	May2001	\$1.05
May2000	\$1.14	Balance Sheet Information 5/1/2016	
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.

Recommended Reading:

Other ModernGraham posts about the company

- [Dividend Growth Stocks for Intelligent Investors – June 2016](#)
- [Dividend Growth Stocks for Intelligent Investors – February 2016](#)
- [13 Best Stocks For Value Investors This Week – 12/12/15](#)
- [Cintas Corp Valuation – December 2015 Update \\$CTAS](#)
- [The Best Companies of the Business Support Industry – November 2015](#)

Other ModernGraham posts about related companies

- [Pitney Bowes Inc Valuation – July 2016 \\$PBI](#)
- [Xerox Corp Valuation – June 2016 \\$XRX](#)
- [Avery Dennison Corp Valuation – June 2016 \\$AVY](#)
- [Ecolab Inc Valuation – June 2016 \\$ECL](#)
- [Paychex Inc Valuation – June 2016 \\$PAYX](#)
- [Automatic Data Processing Valuation – May 2016 \\$ADP](#)
- [Robert Half International Inc Valuation – February 2016 \\$RHI](#)
- [Accenture PLC Valuation – February 2016 \\$ACN](#)
- [Cintas Corp Valuation – December 2015 Update \\$CTAS](#)
- [Accenture PLC Valuation – February 2016 \\$ACN](#)