

ModernGraham Valuation

Company Name:

Westar Energy Inc

Company Ticker

WR

Date of Analysis

9/1/2016



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	\$7,723,259,421	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.90	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 beginning and end	31.57%	Fail
5. Earnings Growth	PEmg < 20	24.64	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.12	Pass
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	0.90	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-43.93	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	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.23
MG Growth Estimate	2.47%
MG Value	\$29.97
MG Value based on 3% Growth	\$32.34
MG Value based on 0% Growth	\$18.96
Market Implied Growth Rate	8.07%

MG Opinion

Current Price	\$54.94
% of Intrinsic Value	183.30%
Opinion	Overvalued
MG Grade	D+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$45.85
Graham Number	\$36.50
PEmg	24.64
Current Ratio	0.90
PB Ratio	2.12
Current Dividend	\$1.48
Dividend Yield	2.69%
Number of Consecutive Years of Dividend Growth	13

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EPS History

 Next Fiscal Year
Estimate

\$2.27

Dec2015

\$2.09

Dec2014

\$2.35

Dec2013

\$2.27

Dec2012

\$2.15

Dec2011

\$1.93

Dec2010

\$1.80

Dec2009

\$1.58

Dec2008

\$1.69

Dec2007

\$1.83

Dec2006

\$1.87

Dec2005

\$1.54

Dec2004

\$2.13

Dec2003

\$1.16

Dec2002

-\$11.07

Dec2001

-\$0.31

Dec2000

\$1.96

Dec1999

\$0.20

Dec1998

\$0.49

Dec1997

\$7.51

Dec1996

\$2.41

EPSmg History

Next Fiscal Year Estimate

\$2.23

Dec2015

\$2.19

Dec2014

\$2.20

Dec2013

\$2.06

Dec2012

\$1.91

Dec2011

\$1.79

Dec2010

\$1.73

Dec2009

\$1.70

Dec2008

\$1.77

Dec2007

\$1.78

Dec2006

\$0.88

Dec2005

-\$0.18

Dec2004

-\$1.10

Dec2003

-\$2.35

Dec2002

-\$3.32

Dec2001

\$1.03

Dec2000

\$1.97

Balance Sheet Information
6/1/2016

Total Current Assets

\$741,868,000

Total Current Liabilities

\$821,511,000

Long-Term Debt

\$3,498,926,000

Total Assets

\$10,970,742,000

Intangible Assets

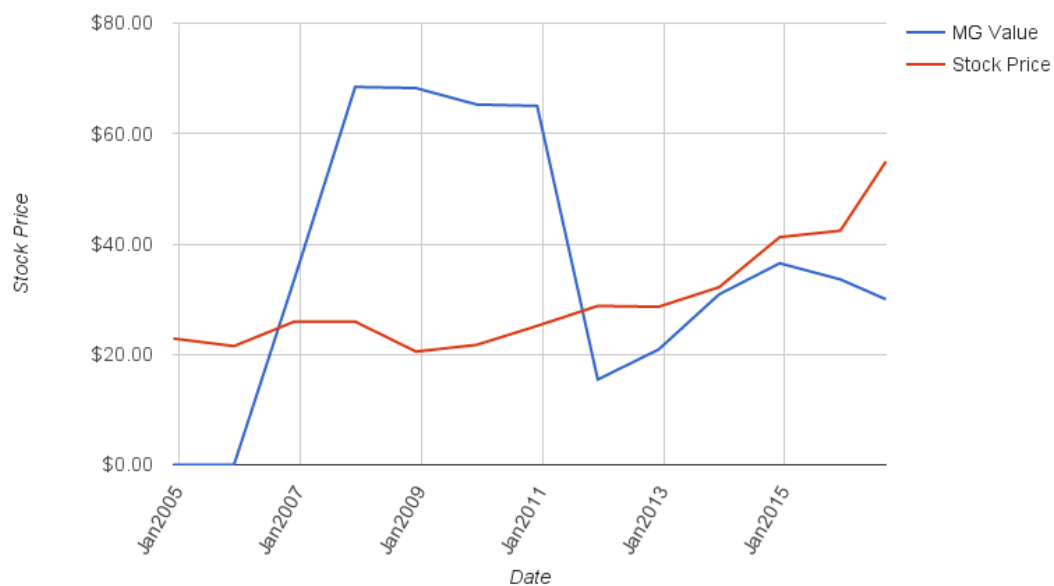
\$0

Total Liabilities

\$7,275,609,000

Shares Outstanding (Diluted Average)

142,497,000

MG Value and Stock Price




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

[Westar Energy Inc. Analysis – Initial Coverage \\$WR](#)

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[Eversource Energy Valuation – August 2016 \\$ES](#)

[Public Service Enterprise Group Inc Valuation – August 2016 \\$PEG](#)

[NiSource Inc Valuation – August 2016 \\$NI](#)

[Consolidated Edison Inc Valuation – August 2016 \\$ED](#)

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[Exelon Corporation Valuation – July 2016 \\$EXC](#)

[DTE Energy Co Valuation – July 2016 \\$DTE](#)

[AES Corporation Valuation – July 2016 \\$AES](#)