

ModernGraham Valuation

Company Name:

Stella-Jones Inc

Company Ticker TSE:SJ

Date of Analysis

1/11/2017



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	\$2,959,589,093	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	7.23	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	258.17%	Pass
5. Earnings Growth	PEmg < 20	22.29	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.97	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	7.23	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.71	Pass
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
	Score		

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.90
MG Growth Estimate	15.00%
MG Value	\$73.33
MG Value based on 3% Growth	\$27.62
MG Value based on 0% Growth	\$16.19
Market Implied Growth Rate	6.89%

MG Opinion

Current Price	\$42.45
% of Intrinsic Value	57.89%
Opinion	Undervalued
MG Grade	B-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$2.03
Graham Number	\$27.89
PEmg	22.29
Current Ratio	7.23
PB Ratio	2.97
Current Dividend	\$0.38
Dividend Yield	0.90%
Number of Consecutive Years of Dividend Growth	11

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		Next Fiscal Year Estimate	
	\$2.42		\$1.90
Dec2015	\$2.04	Dec2015	\$1.56
Dec2014	\$1.50	Dec2014	\$1.24
Dec2013	\$1.34	Dec2013	\$1.04
Dec2012	\$1.13	Dec2012	\$0.84
Dec2011	\$0.87	Dec2011	\$0.67
Dec2010	\$0.57	Dec2010	\$0.56
Dec2009	\$0.59	Dec2009	\$0.53
Dec2008	\$0.56	Dec2008	\$0.46
Dec2007	\$0.51	Dec2007	\$0.37
Dec2006	\$0.44	Dec2006	\$0.27
Dec2005	\$0.27	Dec2005	\$0.17
Dec2004	\$0.18	Dec2004	\$0.11
Dec2003	\$0.10	Dec2003	\$0.08
Dec2002	\$0.10	Dec2002	\$0.07
Dec2001	\$0.01	Dec2001	\$0.06
Dec2000	\$0.09	Dec2000	\$0.08
Dec1999	\$0.09	Balance Sheet Information 9/1/2016	
Dec1998	\$0.10	Total Current Assets	\$1,032,611,000
Dec1997	\$0.05	Total Current Liabilities	\$142,774,000
Dec1996	\$0.00	Long-Term Debt	\$629,239,000
		Total Assets	\$1,881,345,000
		Intangible Assets	\$415,842,000
		Total Liabilities	\$891,946,000
		Shares Outstanding (Diluted Average)	69,295,000





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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company

#N/A

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[Sherwin-Williams Co Valuation – July 2016 \\$SHW](#)
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