

ModernGraham Valuation

Company Name:

Company Ticker TSE:CP

Date of Analysis

2/6/2017

Canadian Pacific
Railway Limited



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	\$28,598,913,456	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.75	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	174.50%	Pass
5. Earnings Growth	PEmg < 20	19.91	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	6.18	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	0.75	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-25.62	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
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$9.75
MG Growth Estimate	15.00%
MG Value	\$375.38
MG Value based on 3% Growth	\$141.38
MG Value based on 0% Growth	\$82.88
Market Implied Growth Rate	5.70%

MG Opinion

Current Price	\$194.10
% of Intrinsic Value	51.71%
Opinion	Undervalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$92.23
Graham Number	\$89.79
PEmg	19.91
Current Ratio	0.75
PB Ratio	6.18
Current Dividend	\$1.85
Dividend Yield	0.95%
Number of Consecutive Years of Dividend Growth	2

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	\$11.33	Next Fiscal Year Estimate	\$9.75
Dec2016	\$10.63	Dec2016	\$8.32
Dec2015	\$8.40	Dec2015	\$6.64
Dec2014	\$8.46	Dec2014	\$5.40
Dec2013	\$4.96	Dec2013	\$3.80
Dec2012	\$2.79	Dec2012	\$3.29
Dec2011	\$3.34	Dec2011	\$3.73
Dec2010	\$3.85	Dec2010	\$4.09
Dec2009	\$3.30	Dec2009	\$4.25
Dec2008	\$3.91	Dec2008	\$4.55
Dec2007	\$6.08	Dec2007	\$4.56
Dec2006	\$5.02	Dec2006	\$3.63
Dec2005	\$3.39	Dec2005	\$2.88
Dec2004	\$2.59	Dec2004	\$2.66
Dec2003	\$2.52	Dec2003	\$2.54
Dec2002	\$3.06	Dec2002	\$2.43
Dec2001	\$2.27	Dec2001	\$2.13
Dec2000	\$3.13	Balance Sheet Information 12/1/2016	
Dec1999	\$0.19	Total Current Assets	\$1,009,000,000
Dec1998	\$2.29	Total Current Liabilities	\$1,347,000,000
Dec1997	\$2.95	Long-Term Debt	\$8,659,000,000
		Total Assets	\$19,221,000,000
		Intangible Assets	\$202,000,000
		Total Liabilities	\$14,595,000,000
		Shares Outstanding (Diluted Average)	147,300,000





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:

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ModernGraham
posts about the
company

#N/A

Other
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posts about related
companies

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[CSX Corporation Valuation – August 2016 \\$CSX](#)
[Union Pacific Corp Valuation – August 2016 \\$UNP](#)
[Norfolk Southern Corp Valuation – February 2016 Update \\$NSC](#)
[CSX Corporation Valuation – February 2016 Update \\$CSX](#)
[Union Pacific Corporation Valuation – February 2016 Update \\$UNP](#)
[Norfolk Southern Corporation Analysis – September 2015 Update \\$NSC](#)
[Kansas City Southern Analysis – August 2015 Update \\$KSU](#)
[CSX Corporation Annual Valuation – 2014 \\$CSX](#)
[Union Pacific Corporation Annual Valuation – 2014 \\$UNP](#)