ModernGraham Valuation

Company Name:

Canadian Pacific Railway Limited



Company Ticker
Date of Analysis

2/6/2017

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.

TSE:CP

 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
5. Earnings Growth beginning and end 174.50% Pass
6. Moderate PEmg Ratio PEmg < 20 19.91 Pass
7. Moderate Price to Assets PB Ratio < 2.5 OR PB*PEmg < 50 6.18 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	0.75 F	ail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-25.62 F	ail
3. Earnings Stability	Positive EPS for 5 years prior	Р	ass
Dividend Record	Currently Pays Dividend	Р	ass
5. Earnings Growth	EPSmg greater than 5 years ago	Р	ass

\$194.10

51.71%

Score

Suitability

MG Opinion

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%

% of Intrinsic Value

Opinion Undervalued MG Grade C-

Stage 3: Information for Further Research

Current Price

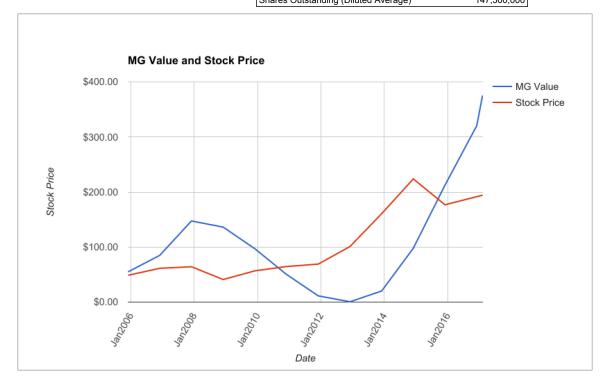
Net Current Asset Value (NCAV)	-\$92.23
Graham Number	\$89.79
PEmg	19.91
Current Ratio	0.75
PB Ratio	6.18
Current Dividend	\$1.85
Dividend Yield	0.95%
Number of Consecutive Years of Dividend Growth	2

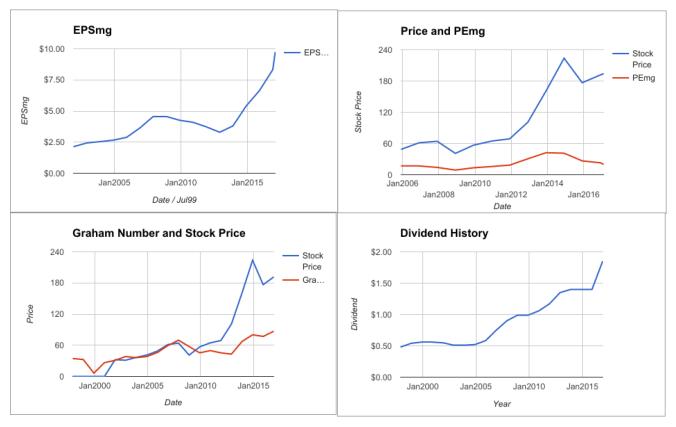
Morningstar

Useful Links: ModernGraham tagged articles

Google FinanceMSN MoneyYahoo FinanceSeeking AlphaGuruFocusSEC Filings

EPS History		EPSmg History	
Next Fiscal Year	0.14 0.0		40.75
Estimate	•	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:

Other ModernGraham posts about the company #N/A

Other ModernGraham posts about related companies Norfolk Southern Corp Valuation – August 2016 \$NSC 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

<u>Union Pacific Corporation Valuation – February 2016 Update \$UNP</u>

Norfolk Southern Corporation Analysis - September 2015 Update \$NSC

Kansas City Southern Analysis - August 2015 Update \$KSU

CSX Corporation Annual Valuation – 2014 \$CSX

<u>Union Pacific Corporation Annual Valuation – 2014 \$UNP</u>