# ModernGraham Valuation

## Company Name: CST Brands Inc

Company Ticker CST

Date of Analysis 3/1/2017

### 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 | $3,632,520,889 | Pass |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2 | 0.89 | Fail |
| 3. Earnings Stability | Positive EPS for 10 years prior | | Fail |
| 4. Dividend Record | Dividend Payments for 10 years prior | | Fail |
| 5. Earnings Growth | Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end | 19866.67% | Pass |
| 6. Moderate PEmg Ratio | PEmg < 20 | 24.83 | Fail |
| 7. Moderate Price to Assets | PB Ratio < 2.5 OR PB*PEmg < 50 | 3.04 | 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 | 0.89 | Fail |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1 | 0.00 | 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 | | $1.95 |
| MG Growth Estimate | | 2.26% |
| **MG Value** | | **$25.33** |
| MG Value based on 3% Growth | | $28.21 |
| MG Value based on 0% Growth | | $16.54 |
| Market Implied Growth Rate | | 8.16% |

*MG Opinion*

| | | |
|---|---|---|
| Current Price | | $48.30 |
| % of Intrinsic Value | | 190.71% |
| **Opinion** | **Overvalued** | |
| **MG Grade** | **D** | |

### Stage 3: Information for Further Research

| | |
|---|---|
| Net Current Asset Value (NCAV) | -$32.54 |
| Graham Number | $22.54 |
| PEmg | 24.83 |
| Current Ratio | 0.89 |
| PB Ratio | 3.04 |
| Current Dividend | $0.25 |
| Dividend Yield | 0.52% |
| Number of Consecutive Years of Dividend Growth | 1 |

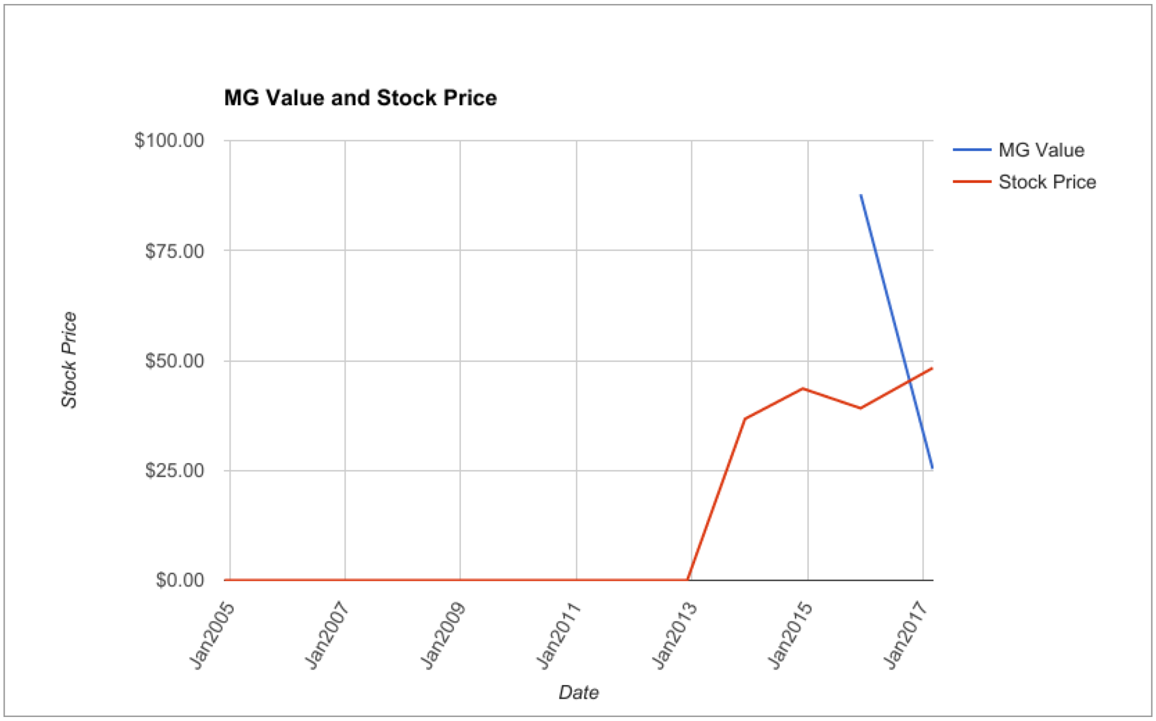
**Useful Links:**

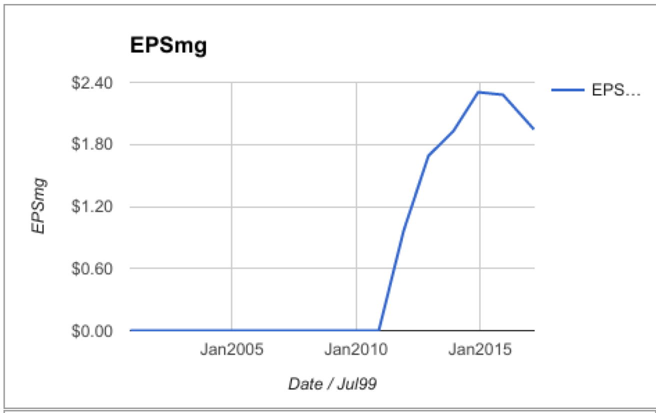
| | |
|---|---|
| ModernGraham tagged articles | Morningstar |
| Google Finance | MSN Money |
| Yahoo Finance | Seeking Alpha |
| GuruFocus | SEC Filings |

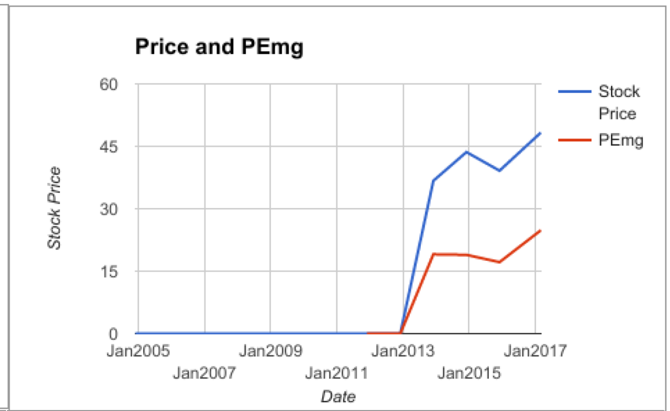
| EPS History | |
|---|---|
| Next Fiscal Year Estimate | $1.41 |
| Dec2015 | $1.95 |
| Dec2014 | $2.63 |
| Dec2013 | $1.84 |
| Dec2012 | $2.76 |
| Dec2011 | $2.89 |
| Dec2010 | $0.00 |
| Dec2009 | $0.00 |
| Dec2008 | $0.00 |
| Dec2007 | $0.00 |
| Dec2006 | $0.00 |
| Dec2005 | $0.00 |
| Dec2004 | $0.00 |
| Dec2003 | $0.00 |
| Dec2002 | $0.00 |
| Dec2001 | $0.00 |
| Dec2000 | $0.00 |
| Dec1999 | $0.00 |
| Dec1998 | $0.00 |
| Dec1997 | $0.00 |
| Dec1996 | $0.00 |

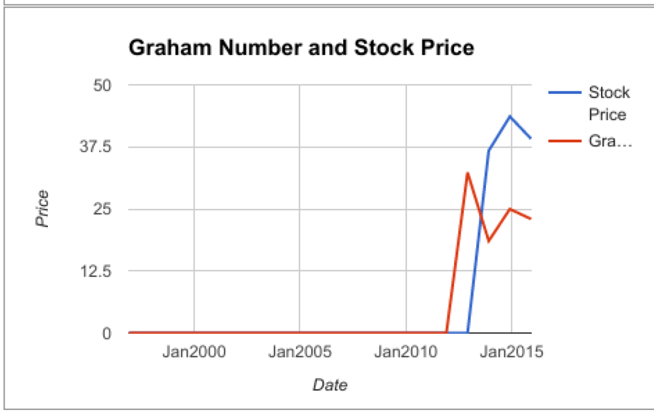
| EPSmg History | |
|---|---|
| Next Fiscal Year Estimate | $1.95 |
| Dec2015 | $2.28 |
| Dec2014 | $2.30 |
| Dec2013 | $1.93 |
| Dec2012 | $1.69 |
| Dec2011 | $0.96 |
| Dec2010 | $0.00 |
| Dec2009 | $0.00 |
| Dec2008 | $0.00 |
| Dec2007 | $0.00 |
| Dec2006 | $0.00 |
| Dec2005 | $0.00 |
| Dec2004 | $0.00 |
| Dec2003 | $0.00 |
| Dec2002 | $0.00 |
| Dec2001 | $0.00 |
| Dec2000 | $0.00 |

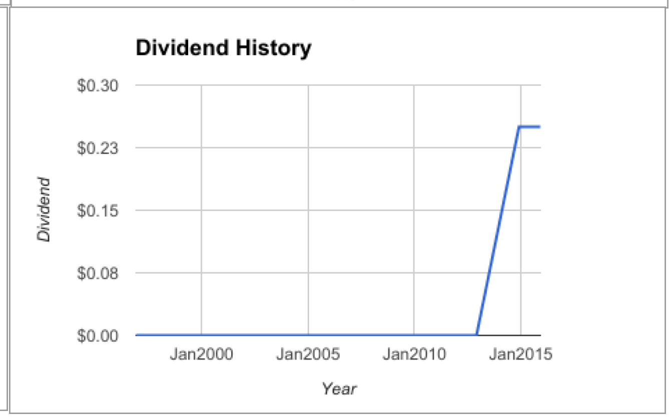
| **Balance Sheet Information** | **9/1/2016** |
|---|---|
| Total Current Assets | $649,000,000 |
| Total Current Liabilities | $730,000,000 |
| Long-Term Debt | $0 |
| Total Assets | $4,341,000,000 |
| Intangible Assets | $990,000,000 |
| Total Liabilities | $3,129,000,000 |
| Shares Outstanding (Diluted Average) | 76,221,000 |






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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|---|---|
| **Other ModernGraham posts about the company** | #N/A |
| **Other ModernGraham posts about related companies** | Valero Energy Corp Valuation – February 2017 $VLO<br>Tidewater Inc Valuation – February 2017 $TDW<br>Occidental Petroleum Corp Valuation – February 2017 $OXY<br>Carrizo Oil & Gas Inc Valuation – Initial Coverage $CRZO<br>Denbury Resources Inc Valuation – February 2017 $DNR<br>California Resources Corp Valuation – Initial Coverage $CRC<br>Crew Energy Inc Valuation – Initial Coverage $TSE:CR<br>Exxon Mobil Corp Valuation – February 2017 $XOM<br>Superior Energy Services Inc Valuation – Initial Coverage $SPN<br>2017 Oil & Gas Industry Review |