

ModernGraham Valuation

Company Name:

Company Ticker CWT

Date of Analysis

3/26/2017

California Water
Service Group



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	\$1,693,177,838	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.57	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	11.86%	Fail
5. Earnings Growth	PEmg < 20	32.23	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.55	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	0.57	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-4.92	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	\$1.09
MG Growth Estimate	1.04%
MG Value	\$11.50
MG Value based on 3% Growth	\$15.77
MG Value based on 0% Growth	\$9.24
Market Implied Growth Rate	11.87%

MG Opinion

Current Price	\$35.05
% of Intrinsic Value	304.83%
Opinion	Overvalued
MG Grade	D+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$33.58
Graham Number	\$19.35
PEmg	32.23
Current Ratio	0.57
PB Ratio	2.55
Current Dividend	\$0.69
Dividend Yield	1.97%
Number of Consecutive Years of Dividend Growth	20

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	\$1.21	Next Fiscal Year Estimate	\$1.09
Dec2016	\$1.01	Dec2016	\$1.04
Dec2015	\$0.94	Dec2015	\$1.05
Dec2014	\$1.19	Dec2014	\$1.08
Dec2013	\$1.02	Dec2013	\$1.02
Dec2012	\$1.17	Dec2012	\$1.00
Dec2011	\$0.90	Dec2011	\$0.91
Dec2010	\$0.90	Dec2010	\$0.89
Dec2009	\$0.98	Dec2009	\$0.87
Dec2008	\$0.95	Dec2008	\$0.80
Dec2007	\$0.75	Dec2007	\$0.71
Dec2006	\$0.67	Dec2006	\$0.69
Dec2005	\$0.74	Dec2005	\$0.68
Dec2004	\$0.73	Dec2004	\$0.64
Dec2003	\$0.61	Dec2003	\$0.60
Dec2002	\$0.63	Dec2002	\$0.61
Dec2001	\$0.49	Dec2001	\$0.63
Dec2000	\$0.66	Balance Sheet Information 12/1/2016	
Dec1999	\$0.72	Total Current Assets	\$142,069,000
Dec1998	\$0.66	Total Current Liabilities	\$250,230,000
Dec1997	\$0.92	Long-Term Debt	\$531,745,000
		Total Assets	\$2,411,745,000
		Intangible Assets	\$24,540,000
		Total Liabilities	\$1,752,274,000
		Shares Outstanding (Diluted Average)	47,956,000





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

[Pinnacle West Corp Valuation – March 2017 \\$PNW](#)
[NiSource Inc Valuation – March 2017 \\$NI](#)
[Canadian Utilities Ltd Valuation – Initial Coverage \\$TSE:CU](#)
[American Electric Power Company Inc Valuation – March 2017 \\$AEP](#)
[American Water Works Company Inc Valuation – Initial Coverage \\$AWK](#)
[Alliant Energy Corp Valuation – Initial Coverage \\$LNT](#)
[Consolidated Edison Inc Valuation – February 2017 \\$ED](#)
[Duke Energy Corp Valuation – February 2017 \\$DUK](#)
[Spire Inc Valuation – Initial Coverage \\$SR](#)
[Ameren Corp Valuation – February 2017 \\$AEE](#)