

ModernGraham Valuation

Pinnacle West Capital Corporation



Company Name:

Company Ticker PNW

Date of Analysis

3/18/2017

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	\$9,225,828,808	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.64	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	90.22%	Pass
5. Earnings Growth	PEmg < 20	21.04	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.94	Pass
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	0.64	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-8.54	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 Score		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.96
MG Growth Estimate	3.32%
MG Value	\$59.88
MG Value based on 3% Growth	\$57.35
MG Value based on 0% Growth	\$33.62
Market Implied Growth Rate	6.27%

MG Opinion

Current Price	\$83.23
% of Intrinsic Value	139.00%
Opinion	Overvalued
MG Grade	D+

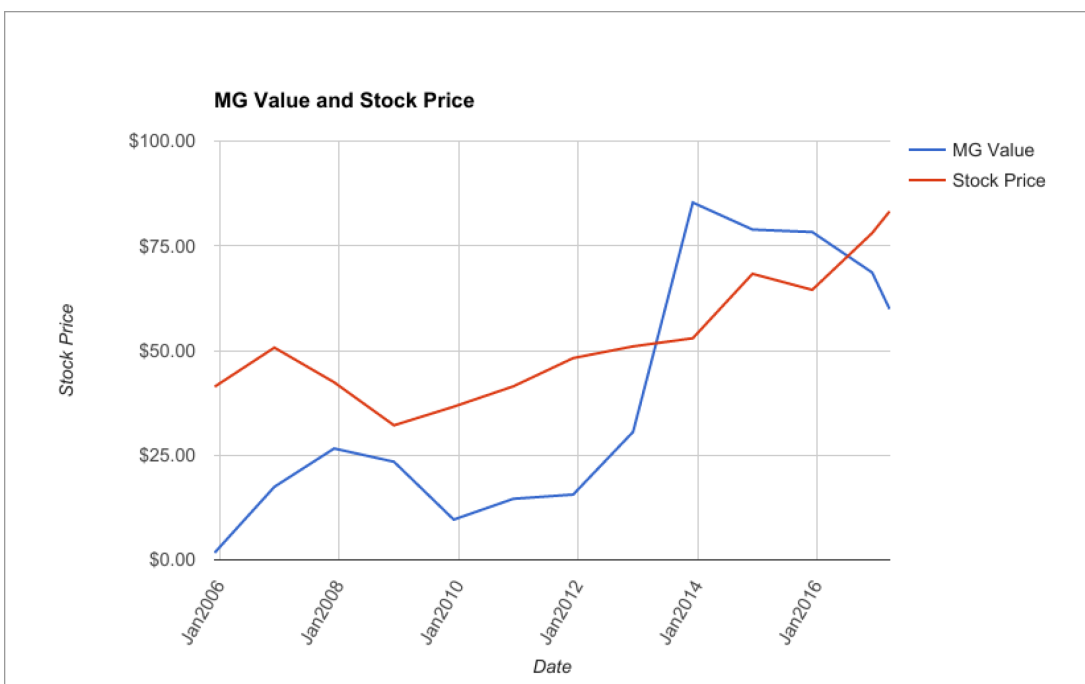
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$92.63
Graham Number	\$63.78
PEmg	21.04
Current Ratio	0.64
PB Ratio	1.94
Current Dividend	\$2.53
Dividend Yield	3.04%
Number of Consecutive Years of Dividend Growth	6

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	\$4.19	Next Fiscal Year Estimate	\$3.96
Dec2016	\$3.95	Dec2016	\$3.80
Dec2015	\$3.92	Dec2015	\$3.66
Dec2014	\$3.58	Dec2014	\$3.49
Dec2013	\$3.66	Dec2013	\$3.24
Dec2012	\$3.45	Dec2012	\$2.88
Dec2011	\$3.09	Dec2011	\$2.56
Dec2010	\$3.27	Dec2010	\$2.37
Dec2009	\$0.67	Dec2009	\$2.03
Dec2008	\$2.40	Dec2008	\$2.69
Dec2007	\$3.05	Dec2007	\$2.78
Dec2006	\$3.27	Dec2006	\$2.58
Dec2005	\$1.82	Dec2005	\$2.32
Dec2004	\$2.66	Dec2004	\$2.67
Dec2003	\$2.63	Dec2003	\$2.69
Dec2002	\$1.76	Dec2002	\$2.73
Dec2001	\$3.68	Dec2001	\$3.13
Dec2000	\$3.56	Balance Sheet Information 12/1/2016	
Dec1999	\$1.97	Total Current Assets	\$822,219,000
Dec1998	\$2.85	Total Current Liabilities	\$1,292,946,000
Dec1997	\$2.74	Long-Term Debt	\$4,021,785,000
		Total Assets	\$16,004,253,000
		Intangible Assets	\$90,022,000
		Total Liabilities	\$11,200,631,000
		Shares Outstanding (Diluted Average)	112,046,000





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

- [Pinnacle West Capital Corp Valuation – December 2015 Update \\$PNW](#)
- [22 Companies in the Spotlight This Week – 11/29/14](#)
- [Pinnacle West Capital Corporation Annual Valuation – 2014 \\$PNW](#)

Other
ModernGraham
posts about related
companies

- [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](#)
- [Sempra Energy Valuation – February 2017 \\$SRE](#)