

ModernGraham Valuation

Company Name:

Company Ticker TSE:CTC.A

Date of Analysis

3/7/2017

Canadian Tire
Corporation 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	\$10,939,153,299	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.85	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	97.73%	Pass
5. Earnings Growth	PEmg < 20	16.93	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.24	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	1.85	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.67	Pass
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	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$9.02
MG Growth Estimate	7.29%
MG Value	\$208.09
MG Value based on 3% Growth	\$130.74
MG Value based on 0% Growth	\$76.64
Market Implied Growth Rate	4.21%

MG Opinion

Current Price	\$152.64
% of Intrinsic Value	73.35%
Opinion	Undervalued
MG Grade	B

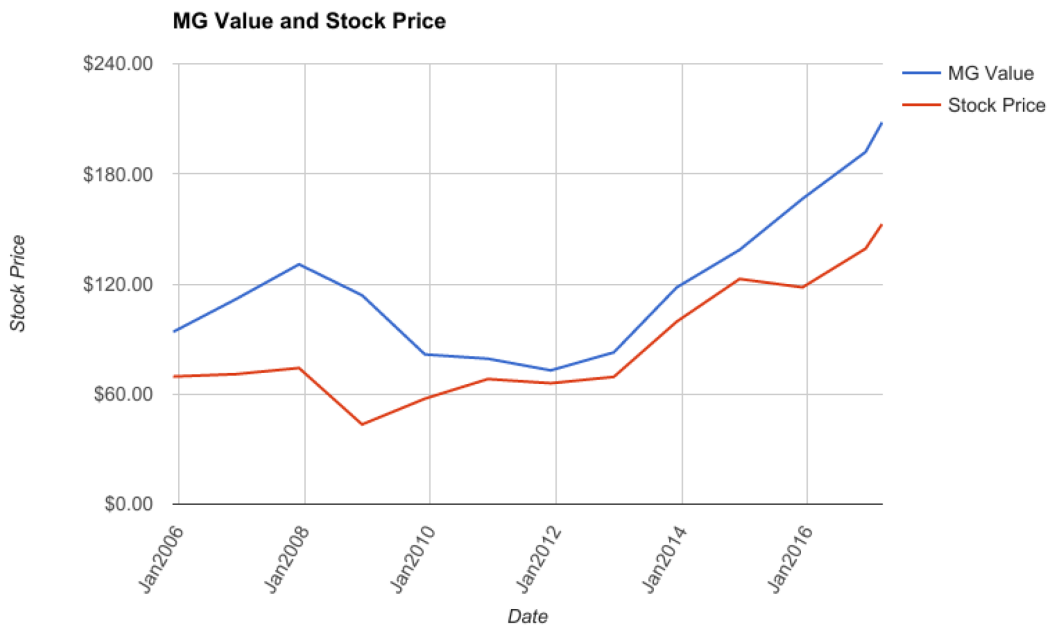
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$23.80
Graham Number	\$125.89
PEmg	16.93
Current Ratio	1.85
PB Ratio	2.24
Current Dividend	\$2.30
Dividend Yield	1.51%
Number of Consecutive Years of Dividend Growth	7

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	\$10.09	Next Fiscal Year Estimate	\$9.02
Dec2016	\$9.22	Dec2016	\$8.22
Dec2015	\$8.61	Dec2015	\$7.47
Dec2014	\$7.59	Dec2014	\$6.72
Dec2013	\$6.91	Dec2013	\$6.07
Dec2012	\$6.10	Dec2012	\$5.49
Dec2011	\$5.71	Dec2011	\$5.12
Dec2010	\$5.42	Dec2010	\$4.78
Dec2009	\$4.10	Dec2009	\$4.44
Dec2008	\$4.60	Dec2008	\$4.51
Dec2007	\$5.05	Dec2007	\$4.30
Dec2006	\$4.31	Dec2006	\$3.77
Dec2005	\$3.98	Dec2005	\$3.34
Dec2004	\$3.53	Dec2004	\$2.89
Dec2003	\$2.95	Dec2003	\$2.48
Dec2002	\$2.53	Dec2002	\$2.21
Dec2001	\$2.23	Dec2001	\$2.02
Dec2000	\$1.89	Balance Sheet Information 12/1/2016	
Dec1999	\$1.89	Total Current Assets	\$8,637,700,000
Dec1998	\$2.09	Total Current Liabilities	\$4,680,900,000
Dec1997	\$1.79	Long-Term Debt	\$2,667,100,000
		Total Assets	\$15,302,800,000
		Intangible Assets	\$1,280,300,000
		Total Liabilities	\$10,364,200,000
		Shares Outstanding (Diluted Average)	72,556,000





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

[LKQ Corporation Valuation – Initial Coverage \\$LKQ](#)
[Lithia Motors Inc Valuation – Initial Coverage \\$LAD](#)
[Delphi Automotive PLC Valuation – February 2017 \\$DLPH](#)
[Cooper-Standard Holdings Inc Valuation – Initial Coverage \\$CPS](#)
[Copart Inc Valuation – Initial Coverage \\$CPRT](#)
[Standard Motor Products Inc Valuation – Initial Coverage \\$SMP](#)
[Harman International Industries Inc Valuation – January 2017 \\$HAR](#)
[BorgWarner Inc Valuation – December 2016 \\$BWA](#)
[Ford Motor Company Valuation – November 2016 \\$F](#)
[CarMax Inc Valuation – November 2016 \\$KMX](#)