

ModernGraham Valuation

Company Name:

Company Ticker TSE:CU

Date of Analysis

3/9/2017

Canadian Utilities
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	\$10,080,705,198	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.10	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	6.56%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	18.87	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.63	Pass

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	1.10	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	87.62	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	\$2.00
MG Growth Estimate	0.51%
MG Value	\$19.05
MG Value based on 3% Growth	\$29.05
MG Value based on 0% Growth	\$17.03
Market Implied Growth Rate	5.19%

MG Opinion

Current Price	\$37.81
% of Intrinsic Value	198.43%
Opinion	Overvalued
MG Grade	D+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$43.24
Graham Number	\$30.05
PEmg	18.87
Current Ratio	1.10
PB Ratio	1.63
Current Dividend	\$1.30
Dividend Yield	3.44%
Number of Consecutive Years of Dividend Growth	10

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		Next Fiscal Year Estimate	
	\$2.27		\$2.00
Dec2016	\$2.06	Dec2016	\$1.90
Dec2015	\$1.11	Dec2015	\$1.85
Dec2014	\$2.52	Dec2014	\$2.15
Dec2013	\$2.09	Dec2013	\$1.94
Dec2012	\$2.02	Dec2012	\$1.84
Dec2011	\$1.83	Dec2011	\$1.73
Dec2010	\$1.61	Dec2010	\$1.65
Dec2009	\$1.86	Dec2009	\$1.60
Dec2008	\$1.65	Dec2008	\$1.43
Dec2007	\$1.54	Dec2007	\$1.29
Dec2006	\$1.28	Dec2006	\$1.16
Dec2005	\$1.04	Dec2005	\$1.10
Dec2004	\$1.22	Dec2004	\$1.10
Dec2003	\$1.02	Dec2003	\$1.02
Dec2002	\$1.20	Dec2002	\$0.98
Dec2001	\$0.93	Dec2001	\$0.85
Dec2000	\$0.90	Balance Sheet Information 12/1/2016	
Dec1999	\$0.78	Total Current Assets	\$985,000,000
Dec1998	\$0.75	Total Current Liabilities	\$892,000,000
Dec1997	\$0.71	Long-Term Debt	\$8,149,000,000
		Total Assets	\$18,781,000,000
		Intangible Assets	\$526,000,000
		Total Liabilities	\$12,563,000,000
		Shares Outstanding (Diluted Average)	267,777,000





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

[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](#)
[Semptra Energy Valuation – February 2017 \\$SRE](#)
[Capital Power Corp Valuation – Initial Coverage \\$TSE:CPX](#)
[Superior Plus Corp Valuation – Initial Coverage \\$TSE:SPB](#)