

# ModernGraham Valuation

Company Name:

TransAlta Corporation

Company Ticker TSE:TA

Date of Analysis

3/26/2017



## 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	\$2,171,312,285	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.28	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	-85.19%	Fail
5. Earnings Growth	PEmg < 20	37.86	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	0.61	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	1.28	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago Score		Pass

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$0.20
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$7.55</b>
MG Value based on 3% Growth	\$2.84
MG Value based on 0% Growth	\$1.67
Market Implied Growth Rate	14.68%

### MG Opinion

Current Price	\$7.42
% of Intrinsic Value	98.33%
<b>Opinion</b>	<b>Fairly Valued</b>
<b>MG Grade</b>	<b>D+</b>

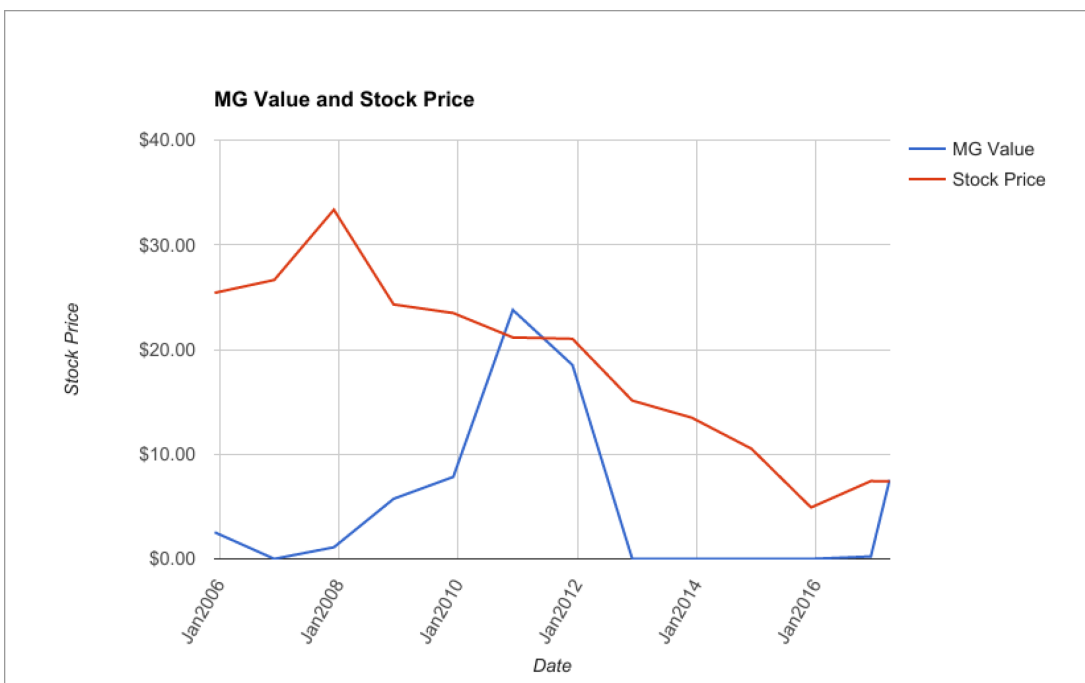
## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$20.59
Graham Number	\$5.67
PEmg	37.86
Current Ratio	1.28
PB Ratio	0.61
Current Dividend	\$0.16
Dividend Yield	2.16%
Number of Consecutive Years of Dividend Growth	0

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Dec2016	\$0.16	Dec2016	\$0.20
Dec2015	\$0.41	Dec2015	\$0.01
Dec2014	-\$0.09	Dec2014	-\$0.21
Dec2013	\$0.52	Dec2013	-\$0.17
Dec2012	-\$0.27	Dec2012	-\$0.31
Dec2011	-\$2.62	Dec2011	-\$0.09
Dec2010	\$1.31	Dec2010	\$1.19
Dec2009	\$1.16	Dec2009	\$1.08
Dec2008	\$0.90	Dec2008	\$1.01
Dec2007	\$1.18	Dec2007	\$1.03
Dec2006	\$1.53	Dec2006	\$0.96
Dec2005	\$0.22	Dec2005	\$0.75
Dec2004	\$0.94	Dec2004	\$1.04
Dec2003	\$0.88	Dec2003	\$1.14
Dec2002	\$1.26	Dec2002	\$1.27
Dec2001	\$1.17	Dec2001	\$1.27
Dec2000	\$1.25	Dec2000	\$1.30
Dec1999	\$1.66	<b>Balance Sheet Information 12/1/2016</b>	
Dec1998	\$0.98	Total Current Assets	\$1,554,000,000
Dec1997	\$1.28	Total Current Liabilities	\$1,217,000,000
	\$1.14	Long-Term Debt	\$0
		Total Assets	\$10,996,000,000
		Intangible Assets	\$1,212,000,000
		Total Liabilities	\$7,485,000,000
		Shares Outstanding (Diluted Average)	288,000,000





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](#)