

ModernGraham Valuation

Company Name:

Transcontinental Inc.

Company Ticker TSE:TCL.A

Date of Analysis

4/8/2017



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	\$1,850,861,058	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.66	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	586.61%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	11.24	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.69	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	1.66	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.65	Fail
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

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.15
MG Growth Estimate	15.00%
MG Value	\$82.78
MG Value based on 3% Growth	\$31.18
MG Value based on 0% Growth	\$18.28
Market Implied Growth Rate	1.37%

MG Opinion

Current Price	\$24.16
% of Intrinsic Value	29.19%
Opinion	Undervalued
MG Grade	B-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$4.57
Graham Number	\$28.17
PEmg	11.24
Current Ratio	1.66
PB Ratio	1.69
Current Dividend	\$0.74
Dividend Yield	3.06%
Number of Consecutive Years of Dividend Growth	15

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	
	\$2.46		\$2.15
Oct2016	\$1.88	Oct2016	\$1.60
Oct2015	\$3.35	Oct2015	\$1.21
Oct2014	\$1.34	Oct2014	\$0.25
Oct2013	-\$0.30	Oct2013	-\$0.20
Oct2012	-\$2.27	Oct2012	-\$0.08
Oct2011	\$1.49	Oct2011	\$0.95
Oct2010	\$2.06	Oct2010	\$0.72
Oct2009	-\$1.02	Oct2009	\$0.28
Oct2008	\$0.08	Oct2008	\$1.02
Oct2007	\$1.42	Oct2007	\$1.50
Oct2006	\$1.56	Oct2006	\$1.53
Oct2005	\$1.55	Oct2005	\$1.43
Oct2004	\$1.44	Oct2004	\$1.29
Oct2003	\$1.60	Oct2003	\$1.12
Oct2002	\$1.45	Oct2002	\$0.83
Oct2001	\$0.26	Oct2001	\$0.53
Oct2000	\$0.82	Balance Sheet Information	
Oct1999	\$0.61	1/1/2017	
Oct1998	\$0.53	Total Current Assets	\$532,800,000
Oct1997	\$0.44	Total Current Liabilities	\$321,700,000
		Long-Term Debt	\$347,800,000
		Total Assets	\$1,995,800,000
		Intangible Assets	\$720,100,000
		Total Liabilities	\$886,300,000
		Shares Outstanding (Diluted Average)	77,400,000





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

[News Corp Valuation – Initial Coverage \\$NWS](#)
[Scholastic Corp Valuation – Initial Coverage \\$SCHL](#)
[Tegna Inc. Valuation – November 2015 Update \\$TGNA](#)
[Tegna Inc. Analysis – August 2015 Update \\$TGNA](#)
[Gannett Company Inc. Annual Valuation – 2014 \\$GCI](#)
[Gannett Co. Inc. \(GCI\) Quarterly Valuation – May 2014](#)