

ModernGraham Valuation

Company Name:

Aecon Group Inc

Company Ticker TSE:ARE

Date of Analysis

7/29/2018



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	\$948,585,085	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.46	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	-4.98%	Fail
5. Earnings Growth	PEmg < 20	21.69	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.61	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	1.46	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.78	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 Score		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$0.74
MG Growth Estimate	-0.20%
MG Value	\$5.98
MG Value based on 3% Growth	\$10.70
MG Value based on 0% Growth	\$6.27
Market Implied Growth Rate	6.60%

MG Opinion

Current Price	\$16.01
% of Intrinsic Value	267.86%
Opinion	Overvalued
MG Grade	D+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$1.45
Graham Number	\$15.96
PEmg	21.69
Current Ratio	1.46
PB Ratio	1.61
Current Dividend	\$0.50
Dividend Yield	3.12%
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		Next Fiscal Year Estimate	
Dec2017	\$0.87	Dec2017	\$0.74
Dec2016	\$0.46	Dec2016	\$0.68
Dec2015	\$0.77	Dec2015	\$0.81
Dec2014	\$1.03	Dec2014	\$0.84
Dec2013	\$0.51	Dec2013	\$0.75
Dec2012	\$0.72	Dec2012	\$0.85
Dec2011	\$1.18	Dec2011	\$0.92
Dec2010	\$0.84	Dec2010	\$0.83
Dec2009	\$0.57	Dec2009	\$0.82
Dec2008	\$0.80	Dec2008	\$0.86
Dec2007	\$1.20	Dec2007	\$0.67
Dec2006	\$1.16	Dec2006	\$0.22
Dec2005	\$0.31	Dec2005	-\$0.29
Dec2004	-\$0.04	Dec2004	-\$0.49
Dec2003	-\$1.51	Dec2003	-\$0.53
Dec2002	-\$0.59	Dec2002	\$0.06
Dec2001	\$0.01	Dec2001	\$0.41
Dec2000	\$0.61	Balance Sheet Information	
Dec1999	\$0.64	6/1/2018	
Dec1998	\$0.63	Total Current Assets	\$1,854,472,000
	\$0.51	Total Current Liabilities	\$1,272,620,000
		Long-Term Debt	\$452,213,000
		Total Assets	\$2,707,160,000
		Intangible Assets	\$334,765,000
		Total Liabilities	\$1,963,217,000
		Shares Outstanding (Diluted Average)	74,842,000





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 [Aecon Group Inc Valuation – Initial Coverage \\$TSE:ARE](#)

Other ModernGraham posts about related companies [Aecom Valuation – July 2018 \\$ACM](#)
[Lowe's Companies Inc Valuation – June 2018 \\$LOW](#)
[Acuity Brands Inc Valuation – June 2018 \\$AYI](#)
[Quanta Services Inc Valuation – May 2018 \\$PWR](#)
[Mohawk Industries Inc Valuation – May 2018 \\$MHK](#)
[Jacobs Engineering Group Inc Valuation – May 2018 \\$JEC](#)
[Masco Corp Valuation – May 2018 \\$MAS](#)
[D.R. Horton Inc Valuation – May 2018 \\$DHI](#)
[Martin Marietta Materials Inc Valuation – May 2018 \\$MLM](#)
[Fluor Corporation Valuation – April 2018 \\$FLR](#)