

ModernGraham Valuation

Company Name:

Canfor Corporation

Company Ticker TSE:CFP

Date of Analysis

7/24/2018



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	\$3,789,572,834	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.46	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-2278.79%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	13.18	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.70	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	2.46	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.46	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago Score		Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.18
MG Growth Estimate	15.00%
MG Value	\$83.88
MG Value based on 3% Growth	\$31.59
MG Value based on 0% Growth	\$18.52
Market Implied Growth Rate	2.34%

MG Opinion

Current Price	\$28.72
% of Intrinsic Value	34.24%
Opinion	Undervalued
MG Grade	B+

Stage 3: Information for Further Research

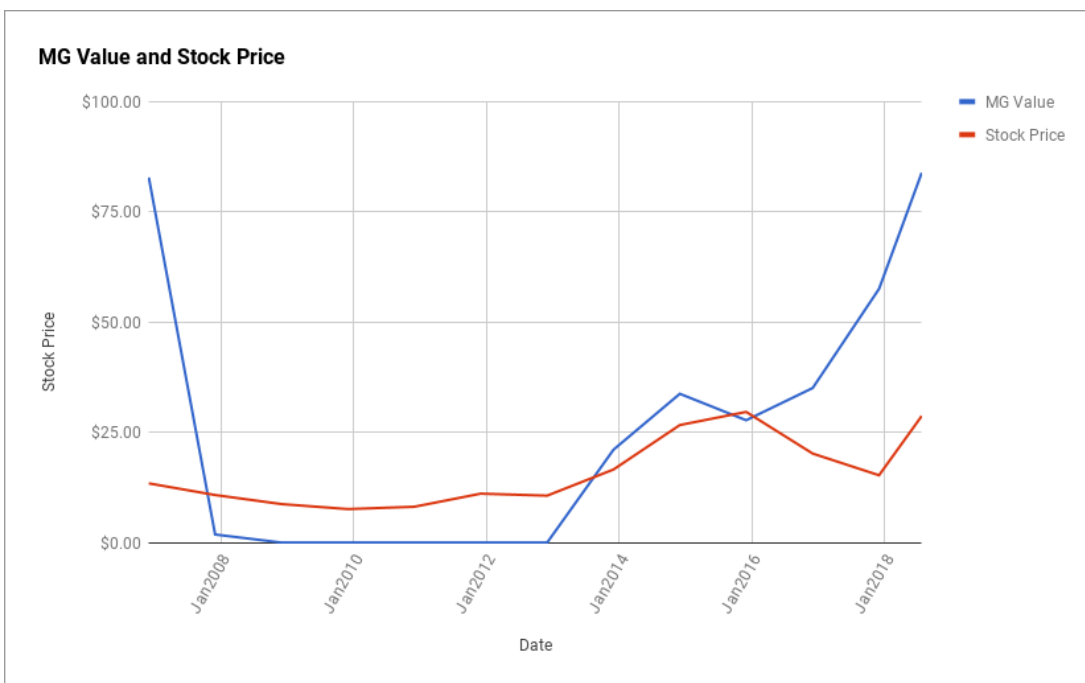
Net Current Asset Value (NCAV)	-\$0.99
Graham Number	\$32.18
PEmg	13.18
Current Ratio	2.46
PB Ratio	1.70
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Dec2017	\$3.42	Dec2017	\$2.18
Dec2016	\$2.63	Dec2016	\$1.49
Dec2015	\$1.14	Dec2015	\$0.91
Dec2014	\$0.18	Dec2014	\$0.72
Dec2013	\$1.28	Dec2013	\$0.88
Dec2012	\$1.61	Dec2012	\$0.55
Dec2011	\$0.18	Dec2011	-\$0.16
Dec2010	-\$0.40	Dec2010	-\$0.57
Dec2009	\$0.57	Dec2009	-\$0.54
Dec2008	-\$0.50	Dec2008	-\$0.83
Dec2007	-\$2.42	Dec2007	-\$0.52
Dec2006	-\$2.53	Dec2006	\$0.71
Dec2005	\$3.31	Dec2005	\$2.15
Dec2004	\$0.67	Dec2004	\$1.43
Dec2003	\$3.22	Dec2003	\$1.64
Dec2002	\$1.65	Dec2002	\$0.89
Dec2001	\$0.07	Dec2002	\$0.32
Dec2000	\$0.19	Balance Sheet Information	
Dec1999	\$1.28	3/1/2018	
Dec1998	\$1.66	Total Current Assets	\$1,429,500,000
	-\$3.49	Total Current Liabilities	\$582,000,000
		Long-Term Debt	\$392,600,000
		Total Assets	\$3,725,100,000
		Intangible Assets	\$752,300,000
		Total Liabilities	\$1,556,400,000
		Shares Outstanding (Diluted Average)	128,626,000





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.

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