

ModernGraham Valuation

Company Name:

Saputo Inc.

Company Ticker TSE:SAP

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	\$16,916,049,706	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.87	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	105.14%	Pass
5. Earnings Growth	PEmg < 20	22.82	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	3.55	Fail
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	1.87	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.26	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 Score		Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.91
MG Growth Estimate	6.92%
MG Value	\$42.65
MG Value based on 3% Growth	\$27.69
MG Value based on 0% Growth	\$16.23
Market Implied Growth Rate	7.16%

MG Opinion

Current Price	\$43.58
% of Intrinsic Value	102.18%
Opinion	Fairly Valued
MG Grade	C+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$2.01
Graham Number	\$23.43
PEmg	22.82
Current Ratio	1.87
PB Ratio	3.55
Current Dividend	\$0.63
Dividend Yield	1.45%
Number of Consecutive Years of Dividend Growth	19

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	
Mar2018	\$1.97	Mar2018	\$1.91
Mar2017	\$2.18	Mar2017	\$1.81
Mar2016	\$1.84	Mar2016	\$1.58
Mar2015	\$1.51	Mar2015	\$1.40
Mar2014	\$1.53	Mar2014	\$1.31
Mar2013	\$1.35	Mar2013	\$1.16
Mar2012	\$1.21	Mar2012	\$1.03
Mar2011	\$0.93	Mar2011	\$0.92
Mar2010	\$1.08	Mar2010	\$0.87
Mar2009	\$0.92	Mar2009	\$0.73
Mar2008	\$0.67	Mar2008	\$0.62
Mar2007	\$0.69	Mar2007	\$0.58
Mar2006	\$0.57	Mar2006	\$0.52
Mar2005	\$0.46	Mar2005	\$0.48
Mar2004	\$0.55	Mar2004	\$0.47
Mar2003	\$0.51	Mar2003	\$0.41
Mar2002	\$0.42	Mar2003	\$0.34
Mar2001	\$0.39	Balance Sheet Information	
Mar2000	\$0.27	3/1/2018	
Mar1999	\$0.25	Total Current Assets	\$2,422,400,000
	\$0.20	Total Current Liabilities	\$1,292,800,000
		Long-Term Debt	\$1,420,900,000
		Total Assets	\$8,003,000,000
		Intangible Assets	\$3,240,400,000
		Total Liabilities	\$3,205,300,000
		Shares Outstanding (Diluted Average)	390,431,000





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 [Saputo Inc Valuation – Initial Coverage \\$SAP](#)

Other
ModernGraham
posts about related
companies [B&G Foods Inc Valuation – July 2018 \\$BGS](#)
[Tyson Foods Inc Valuation – June 2018 \\$TSN](#)
[Mondelez International Inc Valuation – June 2018 \\$MDLZ](#)
[Hormel Foods Corp Valuation – June 2018 \\$HRL](#)
[J M Smucker Co Valuation – May 2018 \\$SJM](#)
[Kraft Heinz Co Valuation – May 2018 \\$KHC](#)
[Dr Pepper Snapple Group Inc Valuation – May 2018 \\$DPS](#)
[Sysco Corp Valuation – May 2018 \\$SY](#)
[General Mills Inc Valuation – May 2018 \\$GIS](#)
[Archer-Daniels Midland Co Valuation – May 2018 \\$ADM](#)