

ModernGraham Valuation

Company Name:

Stella-Jones Inc

Company Ticker

TSE:SJ

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	\$3,116,609,944	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	6.27	Pass
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	241.72%	Pass
5. Earnings Growth	PEmg < 20	20.27	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.71	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	6.27	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.63	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		Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.22
MG Growth Estimate	11.98%
MG Value	\$72.20
MG Value based on 3% Growth	\$32.26
MG Value based on 0% Growth	\$18.91
Market Implied Growth Rate	5.88%

MG Opinion

Current Price	\$45.09
% of Intrinsic Value	62.45%
Opinion	Undervalued
MG Grade	B-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$3.39
Graham Number	\$28.79
PEmg	20.27
Current Ratio	6.27
PB Ratio	2.71
Current Dividend	\$0.44
Dividend Yield	0.98%
Number of Consecutive Years of Dividend Growth	12

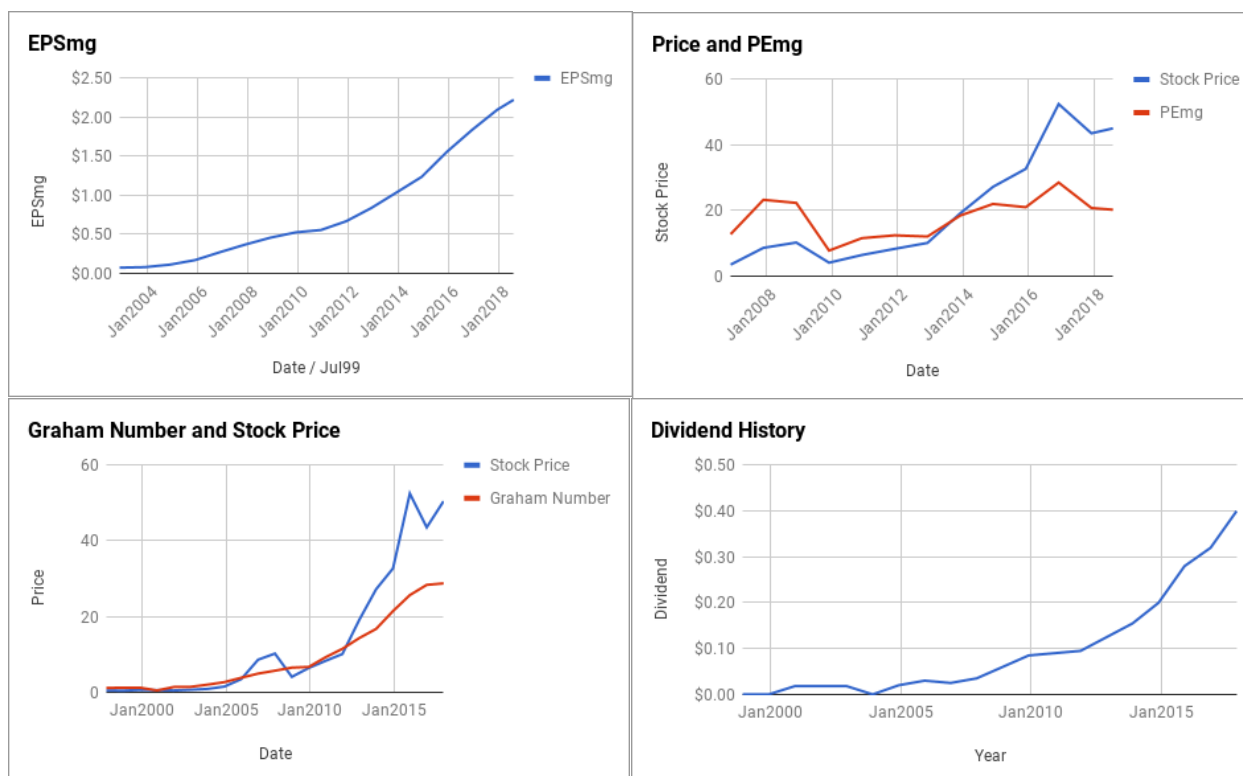
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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Dec2017	\$2.29	Dec2017	\$2.22
Dec2016	\$2.42	Dec2016	\$2.10
Dec2015	\$2.22	Dec2015	\$1.84
Dec2014	\$2.04	Dec2014	\$1.56
Dec2013	\$1.50	Dec2013	\$1.24
Dec2012	\$1.34	Dec2012	\$1.04
Dec2011	\$1.13	Dec2011	\$0.84
Dec2010	\$0.87	Dec2010	\$0.67
Dec2009	\$0.57	Dec2009	\$0.56
Dec2008	\$0.59	Dec2008	\$0.53
Dec2007	\$0.56	Dec2007	\$0.46
Dec2006	\$0.51	Dec2006	\$0.37
Dec2005	\$0.44	Dec2005	\$0.27
Dec2004	\$0.27	Dec2004	\$0.17
Dec2003	\$0.18	Dec2003	\$0.11
Dec2002	\$0.10	Dec2002	\$0.08
Dec2001	\$0.10	Dec2001	\$0.07
Dec2000	\$0.01	Balance Sheet Information	
Dec1999	\$0.09	3/1/2018	
Dec1998	\$0.09	Total Current Assets	\$1,056,037,000
	\$0.10	Total Current Liabilities	\$168,298,000
		Long-Term Debt	\$559,570,000
		Total Assets	\$1,976,668,000
		Intangible Assets	\$411,721,000
		Total Liabilities	\$821,258,000
		Shares Outstanding (Diluted Average)	69,351,000





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

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- [5 Undervalued Companies for Value Investors with a Low Beta – February 2017](#)
- [5 Companies for Enterprising Investors Near 52 Week Lows – February 2017](#)
- [15 Best Stocks for Value Investors This Week – 1/14/17](#)
- [5 Undervalued Companies for Value Investors with a Low Beta – January 2017](#)

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- [Martin Marietta Materials Inc Valuation – May 2018 \\$MLM](#)
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