

ModernGraham Valuation

Company Name:

Inter Pipeline Ltd

Company Ticker TSE:IPL

Date of Analysis

7/28/2018



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	\$9,415,412,517	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.15	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	65.61%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	17.90	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.62	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	0.15	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-2.33	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		Pass
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.37
MG Growth Estimate	14.17%
MG Value	\$50.36
MG Value based on 3% Growth	\$19.82
MG Value based on 0% Growth	\$11.62
Market Implied Growth Rate	4.70%

MG Opinion

Current Price	\$24.47
% of Intrinsic Value	48.59%
Opinion	Undervalued
MG Grade	C

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$17.32
Graham Number	\$17.37
PEmg	17.90
Current Ratio	0.15
PB Ratio	2.62
Current Dividend	\$1.63
Dividend Yield	6.66%
Number of Consecutive Years of Dividend Growth	9

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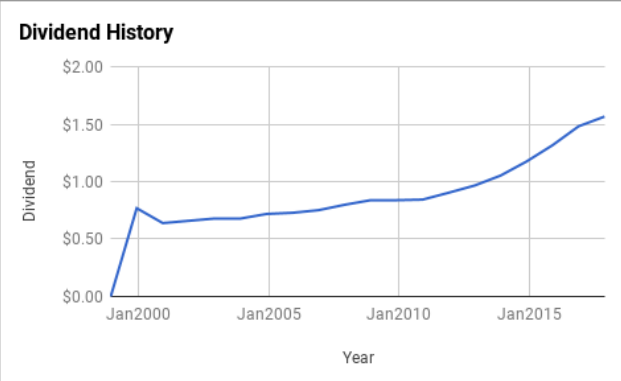
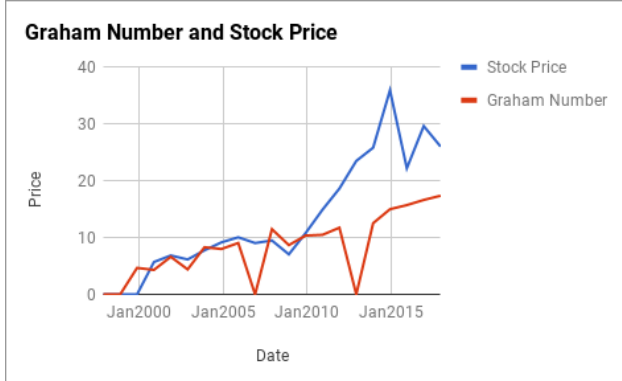
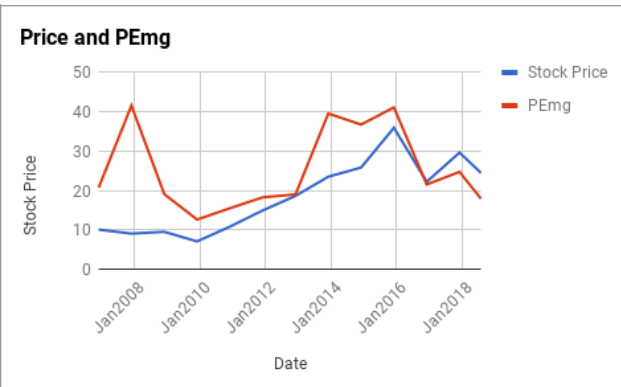
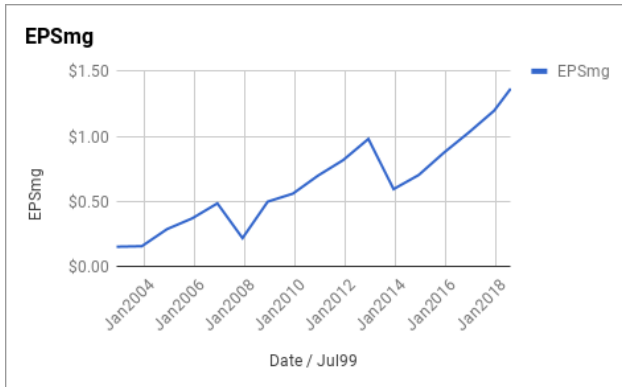
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.47	Next Fiscal Year Estimate	\$1.37
Dec2017	\$1.41	Dec2017	\$1.20
Dec2016	\$1.31	Dec2016	\$1.03
Dec2015	\$1.28	Dec2015	\$0.87
Dec2014	\$1.02	Dec2014	\$0.70
Dec2013	-\$0.20	Dec2013	\$0.59
Dec2012	\$1.14	Dec2012	\$0.98
Dec2011	\$0.95	Dec2011	\$0.82
Dec2010	\$0.92	Dec2010	\$0.70
Dec2009	\$0.66	Dec2009	\$0.56
Dec2008	\$1.12	Dec2008	\$0.50
Dec2007	-\$0.39	Dec2007	\$0.22
Dec2006	\$0.65	Dec2006	\$0.48
Dec2005	\$0.48	Dec2005	\$0.37
Dec2004	\$0.52	Dec2004	\$0.29
Dec2003	\$0.13	Dec2003	\$0.16
Dec2002	\$0.28	Dec2002	\$0.15
Dec2001	\$0.11	Balance Sheet Information 3/1/2018	
Dec2000	\$0.12	Total Current Assets	\$299,500,000
Dec1999	-\$0.01	Total Current Liabilities	\$1,965,500,000
Dec1998	\$0.09	Long-Term Debt	\$3,889,800,000
		Total Assets	\$10,496,300,000
		Intangible Assets	\$661,900,000
		Total Liabilities	\$6,920,300,000
		Shares Outstanding (Diluted Average)	382,300,000





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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