

ModernGraham Valuation

Canadian Pacific
Railway Limited
(USA)



Company Name:

Company Ticker

TSE:CP

Date of Analysis

8/6/2018

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	\$33,554,710,000	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.57	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	285.13%	Pass
5. Earnings Growth	PEmg < 20	20.71	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	5.70	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	0.57	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-10.44	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	\$12.64
MG Growth Estimate	15.00%
MG Value	\$486.54
MG Value based on 3% Growth	\$183.24
MG Value based on 0% Growth	\$107.42
Market Implied Growth Rate	6.11%

MG Opinion

Current Price	\$261.72
% of Intrinsic Value	53.79%
Opinion	Undervalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$91.56
Graham Number	\$115.43
PEmg	20.71
Current Ratio	0.57
PB Ratio	5.70
Current Dividend	\$2.19
Dividend Yield	0.84%
Number of Consecutive Years of Dividend Growth	2

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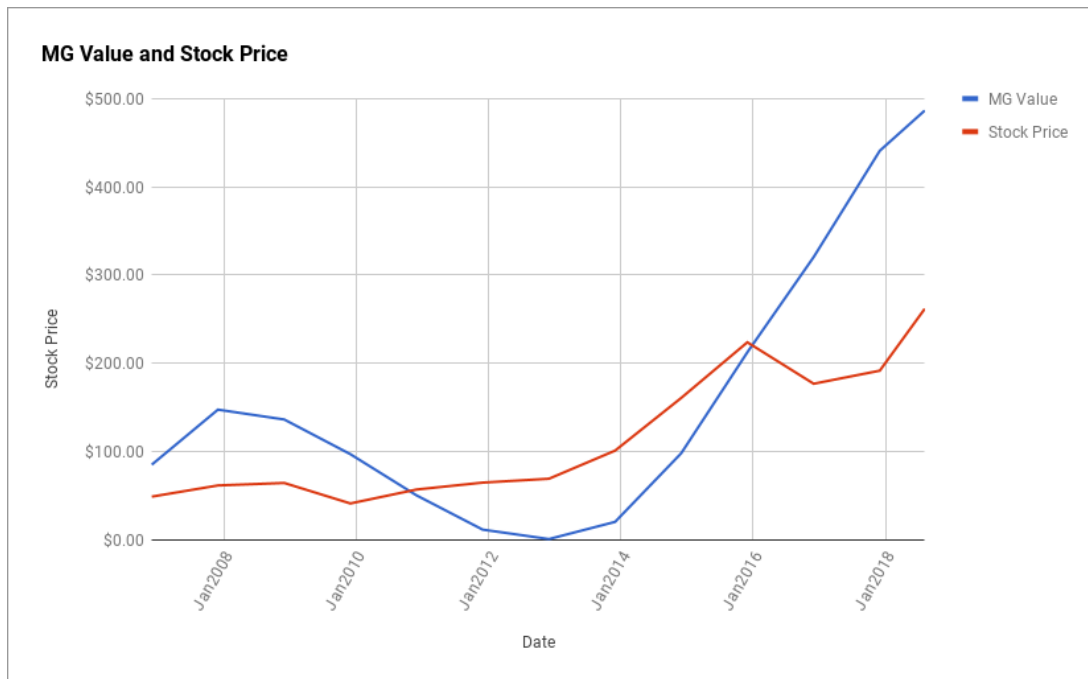
[Yahoo Finance](#)

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$13.33	Next Fiscal Year Estimate	\$12.64
Dec2017	\$16.44	Dec2017	\$11.45
Dec2016	\$10.63	Dec2016	\$8.32
Dec2015	\$8.40	Dec2015	\$6.64
Dec2014	\$8.46	Dec2014	\$5.40
Dec2013	\$4.96	Dec2013	\$3.80
Dec2012	\$2.79	Dec2012	\$3.29
Dec2011	\$3.34	Dec2011	\$3.73
Dec2010	\$3.85	Dec2010	\$4.09
Dec2009	\$3.30	Dec2009	\$4.25
Dec2008	\$3.91	Dec2008	\$4.55
Dec2007	\$6.08	Dec2007	\$4.56
Dec2006	\$5.02	Dec2006	\$3.63
Dec2005	\$3.39	Dec2005	\$2.88
Dec2004	\$2.59	Dec2004	\$2.66
Dec2003	\$2.52	Dec2003	\$2.54
Dec2002	\$3.06	Dec2002	\$2.43
Dec2001	\$2.27	Balance Sheet Information	
Dec2000	\$3.13	6/1/2018	
Dec1999	\$0.19	Total Current Assets	\$1,000,000,000
Dec1998	\$2.29	Total Current Liabilities	\$1,760,000,000
		Long-Term Debt	\$7,936,000,000
		Total Assets	\$20,685,000,000
		Intangible Assets	\$196,000,000
		Total Liabilities	\$14,111,000,000
		Shares Outstanding (Diluted Average)	143,200,000





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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[Norfolk Southern Corp Valuation – April 2018 \\$NSC](#)

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