

ModernGraham Valuation

Company Name:

Capital Power Corp

Company Ticker TSE:CPX

Date of Analysis

8/11/2018



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 | \$2,742,386,091 | Pass |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2 | 0.74 | Fail |
| 3. Earnings Stability | Positive EPS for 10 years prior | | Pass |
| 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 | 7.26% | Fail |
| 5. Earnings Growth | PEmg < 20 | 25.83 | Fail |
| 6. Moderate PEmg Ratio | PB Ratio < 2.5 OR PB*PEmg < 50 | 0.94 | Pass |
| 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 | 0.74 | Fail |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1 | -9.59 | 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 | | Fail |

Suitability

| | |
|---------------------|-----------|
| Defensive | No |
| Enterprising | No |

Stage 2: Determination of Intrinsic Value

| | |
|-----------------------------|---------------|
| EPSmg | \$1.05 |
| MG Growth Estimate | -0.30% |
| MG Value | \$8.32 |
| MG Value based on 3% Growth | \$15.26 |
| MG Value based on 0% Growth | \$8.95 |
| Market Implied Growth Rate | 8.66% |

MG Opinion

| | |
|----------------------|-------------------|
| Current Price | \$27.19 |
| % of Intrinsic Value | 326.79% |
| Opinion | Overvalued |
| MG Grade | C- |

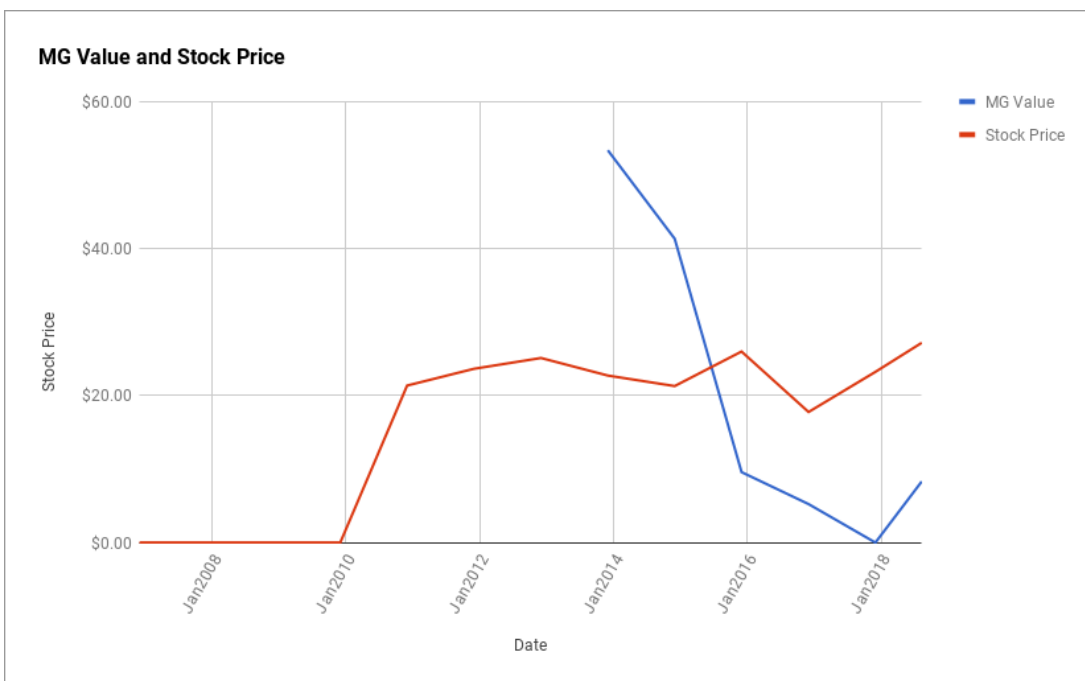
Stage 3: Information for Further Research

| | |
|--|----------|
| Net Current Asset Value (NCAV) | -\$31.99 |
| Graham Number | \$30.38 |
| PEmg | 25.83 |
| Current Ratio | 0.74 |
| PB Ratio | 0.94 |
| Current Dividend | \$1.62 |
| Dividend Yield | 5.94% |
| Number of Consecutive Years of Dividend Growth | 4 |

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 | |
| Dec2017 | \$1.07 | Dec2017 | \$0.92 |
| Dec2016 | \$0.91 | Dec2016 | \$0.88 |
| Dec2015 | \$0.70 | Dec2015 | \$0.94 |
| Dec2014 | \$0.28 | Dec2014 | \$1.07 |
| Dec2013 | \$2.08 | Dec2013 | \$1.39 |
| Dec2012 | \$0.84 | Dec2012 | \$0.96 |
| Dec2011 | \$1.59 | Dec2011 | \$0.89 |
| Dec2010 | \$0.69 | Dec2010 | \$0.47 |
| Dec2009 | \$0.89 | Dec2009 | \$0.30 |
| Dec2008 | \$0.00 | Dec2008 | \$0.00 |
| Dec2007 | \$0.00 | Dec2007 | \$0.00 |
| Dec2006 | \$0.00 | Dec2006 | \$0.00 |
| Dec2005 | \$0.00 | Dec2005 | \$0.00 |
| Dec2004 | \$0.00 | Dec2004 | \$0.00 |
| Dec2003 | \$0.00 | Dec2003 | \$0.00 |
| Dec2002 | \$0.00 | Dec2002 | \$0.00 |
| Dec2001 | \$0.00 | Balance Sheet Information 6/1/2018 | |
| Dec2000 | \$0.00 | Total Current Assets | \$518,000,000 |
| Dec1999 | \$0.00 | Total Current Liabilities | \$703,000,000 |
| Dec1998 | \$0.00 | Long-Term Debt | \$1,774,000,000 |
| | | Total Assets | \$6,823,000,000 |
| | | Intangible Assets | \$399,000,000 |
| | | Total Liabilities | \$3,827,000,000 |
| | | Shares Outstanding (Diluted Average) | 103,452,000 |





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

[Capital Power Corp Valuation – Initial Coverage \\$TSE:CPX](#)

Other
ModernGraham
posts about related
companies

[Superior Plus Corp Valuation – August 2018 \\$TSX-SPB](#)
[Just Energy Group Inc Valuation – August 2018 \\$TSE:JE](#)
[South Jersey Industries Inc Valuation – July 2018 \\$SJI](#)
[Innergex Renewable Energy Inc Valuation – July 2018 \\$TSE:INE](#)
[Suburban Propane Partners LP Valuation – June 2018 \\$SPH](#)
[Public Service Enterprise Group Inc Valuation – June 2018 \\$PEG](#)
[Eversource Energy Valuation – June 2018 \\$ES](#)
[PPL Corp Valuation – June 2018 \\$PPL](#)
[Entergy Corp Valuation – June 2018 \\$ETR](#)
[Pinnacle West Capital Corp Valuation – June 2018 \\$PNW](#)