

ModernGraham Valuation

Chartwell Retirement
Residences



Company Name:

Company Ticker TSE:CSH.UN

Date of Analysis

8/27/2018

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	\$3,254,692,829	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.14	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	-112.80%	Fail
5. Earnings Growth	PEmg < 20	48.07	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	3.30	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	0.14	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-5.89	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago Score		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$0.32
MG Growth Estimate	15.00%
MG Value	\$12.36
MG Value based on 3% Growth	\$4.65
MG Value based on 0% Growth	\$2.73
Market Implied Growth Rate	19.78%

MG Opinion

Current Price	\$15.43
% of Intrinsic Value	124.85%
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$10.83
Graham Number	\$3.45
PEmg	48.07
Current Ratio	0.14
PB Ratio	3.30
Current Dividend	\$0.57
Dividend Yield	3.71%
Number of Consecutive Years of Dividend Growth	3

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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
	\$0.11		\$0.32
Dec2017	\$0.06	Dec2017	\$0.43
Dec2016	\$0.03	Dec2016	\$0.50
Dec2015	\$1.99	Dec2015	\$0.54
Dec2014	-\$0.05	Dec2014	-\$0.22
Dec2013	\$0.14	Dec2013	-\$0.36
Dec2012	-\$0.80	Dec2012	-\$0.63
Dec2011	-\$0.43	Dec2011	-\$0.58
Dec2010	-\$0.43	Dec2010	-\$0.65
Dec2009	-\$0.68	Dec2009	-\$0.70
Dec2008	-\$1.03	Dec2008	-\$0.64
Dec2007	-\$0.76	Dec2007	-\$0.40
Dec2006	-\$0.24	Dec2006	-\$0.20
Dec2005	-\$0.28	Dec2005	-\$0.15
Dec2004	-\$0.19	Dec2004	-\$0.08
Dec2003	-\$0.06	Dec2003	-\$0.02
Dec2002	\$0.00	Dec2002	\$0.00
Dec2001	\$0.00	Balance Sheet Information	
Dec2000	\$0.00	6/1/2018	
Dec1999	\$0.00	Total Current Assets	\$52,301,000
Dec1998	\$0.00	Total Current Liabilities	\$378,657,000
		Long-Term Debt	\$1,923,491,000
		Total Assets	\$3,311,179,000
		Intangible Assets	\$55,343,000
		Total Liabilities	\$2,328,737,000
		Shares Outstanding (Diluted Average)	210,226,000





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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company

[Chartwell Retirement Residences Valuation – Initial Coverage \\$TSE:CSH.UN](#)

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