

ModernGraham Valuation

Company Name:

Stantec Inc.

Company Ticker TSE:STN

Date of Analysis

8/28/2018



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	\$3,760,000,000	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.69	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	125.73%	Pass
5. Earnings Growth	PEmg < 20	23.44	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.90	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	1.69	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.22	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		Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.40
MG Growth Estimate	0.70%
MG Value	\$13.90
MG Value based on 3% Growth	\$20.35
MG Value based on 0% Growth	\$11.93
Market Implied Growth Rate	7.47%

MG Opinion

Current Price	\$32.90
% of Intrinsic Value	236.76%
Opinion	Overvalued
MG Grade	C

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$3.86
Graham Number	\$25.88
PEmg	23.44
Current Ratio	1.69
PB Ratio	1.90
Current Dividend	\$0.50
Dividend Yield	1.52%
Number of Consecutive Years of Dividend Growth	6

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	
	\$1.79		\$1.40
Dec2017	\$0.85	Dec2017	\$1.28
Dec2016	\$1.22	Dec2016	\$1.49
Dec2015	\$1.65	Dec2015	\$1.51
Dec2014	\$1.74	Dec2014	\$1.34
Dec2013	\$1.57	Dec2013	\$1.07
Dec2012	\$1.32	Dec2012	\$0.77
Dec2011	\$0.07	Dec2011	\$0.51
Dec2010	\$1.03	Dec2010	\$0.71
Dec2009	\$0.61	Dec2009	\$0.56
Dec2008	\$0.32	Dec2008	\$0.53
Dec2007	\$0.75	Dec2007	\$0.60
Dec2006	\$0.66	Dec2006	\$0.49
Dec2005	\$0.50	Dec2005	\$0.39
Dec2004	\$0.40	Dec2004	\$0.32
Dec2003	\$0.33	Dec2003	\$0.26
Dec2002	\$0.28	Dec2002	\$0.21
Dec2001	\$0.22	Balance Sheet Information	
Dec2000	\$0.18	6/1/2018	
Dec1999	\$0.14	Total Current Assets	\$1,721,600,000
Dec1998	\$0.12	Total Current Liabilities	\$1,019,100,000
		Long-Term Debt	\$860,300,000
		Total Assets	\$4,141,000,000
		Intangible Assets	\$1,909,800,000
		Total Liabilities	\$2,162,100,000
		Shares Outstanding (Diluted Average)	113,988,000





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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posts about the
company

[Stantec Inc Valuation – Initial Coverage \\$TSE:STN](#)

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posts about related
companies

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[SNC-Lavalin Group Inc Valuation – August 2018 \\$TSE:SNC](#)
[Stella-Jones Inc Valuation – July 2018 \\$TSE:SJ](#)
[Aecon Group Inc Valuation – July 2018 \\$TSE:ARE](#)
[Aecom Valuation – July 2018 \\$ACM](#)
[Lowe's Companies Inc Valuation – June 2018 \\$LOW](#)
[Acuity Brands Inc Valuation – June 2018 \\$AYI](#)
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