

ModernGraham Valuation

Suncor Energy Inc.
(USA)



Company Name:

Company Ticker TSE:SU

Date of Analysis

8/29/2018

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	\$87,090,000,000	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.90	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	0.33%	Fail
5. Earnings Growth	PEmg < 20	30.89	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.94	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	0.90	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-10.79	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		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.75
MG Growth Estimate	-2.96%
MG Value	\$4.51
MG Value based on 3% Growth	\$25.34
MG Value based on 0% Growth	\$14.85
Market Implied Growth Rate	11.19%

MG Opinion

Current Price	\$53.97
% of Intrinsic Value	1195.92%
Opinion	Overvalued
MG Grade	D+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$22.06
Graham Number	\$44.06
PEmg	30.89
Current Ratio	0.90
PB Ratio	1.94
Current Dividend	\$1.28
Dividend Yield	2.37%
Number of Consecutive Years of Dividend Growth	8

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.12	Next Fiscal Year Estimate	\$1.75
Dec2017	\$2.68	Dec2017	\$1.11
Dec2016	\$0.27	Dec2016	\$0.55
Dec2015	-\$1.38	Dec2015	\$0.96
Dec2014	\$1.84	Dec2014	\$2.18
Dec2013	\$2.60	Dec2013	\$2.26
Dec2012	\$1.76	Dec2012	\$2.06
Dec2011	\$2.67	Dec2011	\$2.24
Dec2010	\$2.43	Dec2010	\$2.15
Dec2009	\$0.95	Dec2009	\$2.06
Dec2008	\$2.26	Dec2008	\$2.47
Dec2007	\$3.17	Dec2007	\$2.38
Dec2006	\$3.16	Dec2006	\$1.82
Dec2005	\$1.24	Dec2005	\$1.08
Dec2004	\$1.17	Dec2004	\$0.93
Dec2003	\$1.13	Dec2003	\$0.73
Dec2002	\$0.81	Dec2002	\$0.49
Dec2001	\$0.39	Balance Sheet Information 6/1/2018	
Dec2000	\$0.39	Total Current Assets	\$10,697,000,000
Dec1999	\$0.18	Total Current Liabilities	\$11,951,000,000
Dec1998	\$0.20	Long-Term Debt	\$13,535,000,000
		Total Assets	\$92,434,000,000
		Intangible Assets	\$3,059,000,000
		Total Liabilities	\$46,891,000,000
		Shares Outstanding (Diluted Average)	1,641,000,000





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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