ModernGraham Valuation

Company Name:

Canadian Utilities Limited Class A



Company Ticker TSE:CU Date of Analysis

9/1/2018

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.

 Adequate Size of the Enterprise 	Market Cap > \$2Bil	\$8,697,840,205 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.10 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	
5. Earnings Growth	beginning and end	7.85% Fail
6. Moderate PEmg Ratio	PEmg < 20	17.27 Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.36 Pass

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

 Sufficiently Strong Financial Condition 	Current Ratio > 1.5	1.10 Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	87.75 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	Fail
	Score	

Suitability

Defensive No Nο Enterprising

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.84
MG Growth Estimate	-2.18%
MG Value	\$7.60
MG Value based on 3% Growth	\$26.66
MG Value based on 0% Growth	\$15.63
Market Implied Growth Rate	4.38%

MG Opinion

Current Price \$31.75 % of Intrinsic Value 417.51%

Opinion Overvalued MG Grade D+

Stage 3: Information for Further Research

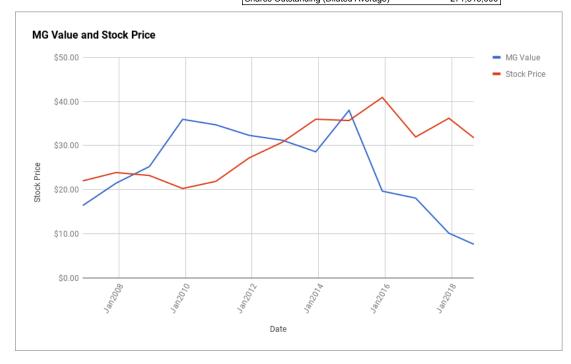
Net Current Asset Value (NCAV)	-\$49.29
Graham Number	\$28.90
PEmg	17.27
Current Ratio	1.10
PB Ratio	1.36
Current Dividend	\$1.43
Dividend Yield	4.50%
Number of Consecutive Years of Dividend	
Growth	10

Morningstar

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EPS History		EPSmg History	
Next Fiscal Year		<u> </u>	ا. ـ . ـ .
Estimate		Next Fiscal Year Estimate	\$1.84
Dec2017	\$1.54	Dec2017	\$1.76
Dec2016	\$2.06	Dec2016	\$1.90
Dec2015	\$1.11	Dec2015	\$1.85
Dec2014	\$2.52	Dec2014	\$2.15
Dec2013	\$2.09	Dec2013	\$1.94
Dec2012	\$2.02	Dec2012	\$1.84
Dec2011	\$1.83	Dec2011	\$1.73
Dec2010	\$1.61	Dec2010	\$1.65
Dec2009	\$1.86	Dec2009	\$1.60
Dec2008	\$1.65	Dec2008	\$1.43
Dec2007	\$1.54	Dec2007	\$1.29
Dec2006	\$1.28	Dec2006	\$1.16
Dec2005	\$1.04	Dec2005	\$1.10
Dec2004	\$1.22	Dec2004	\$1.10
Dec2003	\$1.02	Dec2003	\$1.02
Dec2002	\$1.20	Dec2002	\$0.98
Dec2001	\$0.93	Balance Sheet Information	6/1/2018
Dec2000	\$0.90	Total Current Assets	\$1,181,000,000
Dec1999	\$0.78	Total Current Liabilities	\$1,070,000,000
Dec1998	\$0.75	Long-Term Debt	\$9,740,000,000
	•	Total Assets	\$20,911,000,000
		Intangible Assets	\$600,000,000
		Total Liabilities	\$14,580,000,000
		Shares Outstanding (Diluted Average)	271,818,000





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 Canadian Utilities Ltd Valuation - Initial Coverage \$TSE:CU

Other ModernGraham posts about related companies Spire Inc Valuation - August 2018 \$SR

Capital Power Corp Valuation - August 2018 \$TSE-CPX

Superior Plus Corp Valuation – August 2018 \$TSX-SPB

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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