

# ModernGraham Valuation

Canadian Utilities  
Limited Class A



**Company Name:**

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.*

1. 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 beginning and end	7.85%	Fail
5. Earnings Growth	PEmg < 20	17.27	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.36	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	1.10	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

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$1.84
MG Growth Estimate	-2.18%
<b>MG Value</b>	<b>\$7.60</b>
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%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>D+</b>

## 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

### Useful Links:

[ModernGraham tagged articles](#)  
[Google Finance](#)  
[Yahoo Finance](#)  
[GuruFocus](#)

[Morningstar](#)  
[MSN Money](#)  
[Seeking Alpha](#)  
[SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.10	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	<b>Balance Sheet Information 6/1/2018</b>	
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 [Canadian Utilities Ltd Valuation – Initial Coverage \\$TSE:CU](#)

ModernGraham posts about the company

Other [Spire Inc Valuation – August 2018 \\$SR](#)

ModernGraham [Capital Power Corp Valuation – August 2018 \\$TSE-CPX](#)

posts about related [Superior Plus Corp Valuation – August 2018 \\$TSX-SPB](#)

companies [Just Energy Group Inc Valuation – August 2018 \\$TSE:JE](#)

[South Jersey Industries Inc Valuation – July 2018 \\$SJL](#)

[Innervex 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](#)