

# ModernGraham Valuation

California Water  
Service Group



## Company Name:

Company Ticker CWT

Date of Analysis

10/3/2018

## 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	\$2,037,687,186	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.30	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	28.65%	Fail
6. Moderate PEmg Ratio	PEmg < 20	36.33	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.97	Fail

*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	0.30	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-0.96	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

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

## Stage 2: Determination of Intrinsic Value

EPSmg	\$1.17
MG Growth Estimate	1.16%
<b>MG Value</b>	<b>\$12.63</b>
MG Value based on 3% Growth	\$16.92
MG Value based on 0% Growth	\$9.92
Market Implied Growth Rate	13.92%

### MG Opinion

Current Price	\$42.39
% of Intrinsic Value	335.57%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>D+</b>

## Stage 3: Information for Further Research

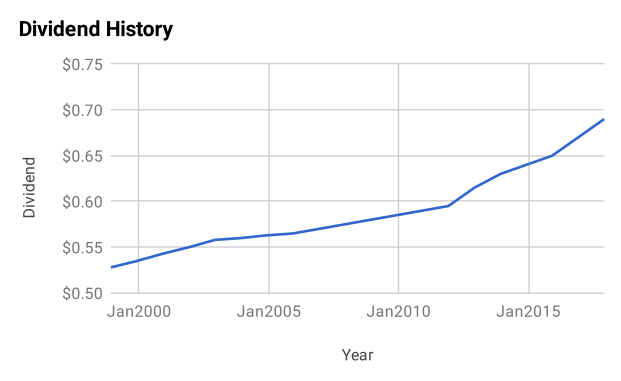
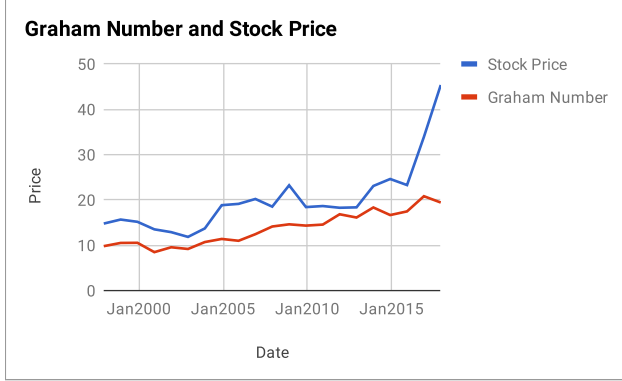
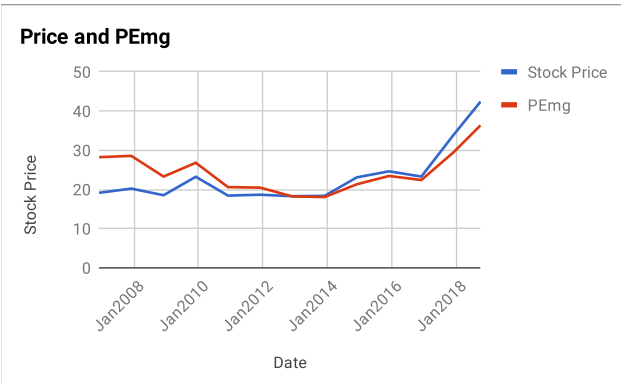
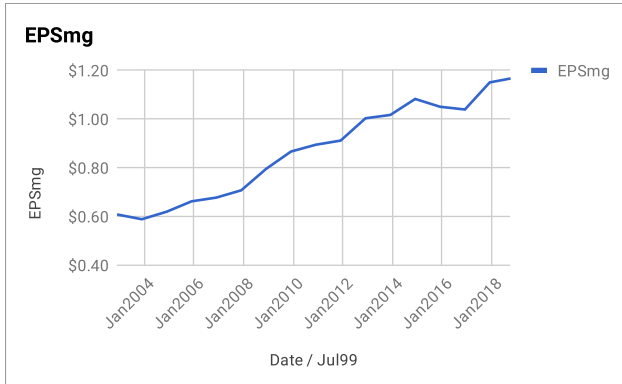
Net Current Asset Value (NCAV)	-\$39.81
Graham Number	\$19.42
PEmg	36.33
Current Ratio	0.30
PB Ratio	2.97
Current Dividend	\$0.72
Dividend Yield	1.70%
Number of Consecutive Years of Dividend Growth	20

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.16	Next Fiscal Year Estimate	\$1.17
Dec2017	\$1.40	Dec2017	\$1.15
Dec2016	\$1.01	Dec2016	\$1.04
Dec2015	\$0.94	Dec2015	\$1.05
Dec2014	\$1.19	Dec2014	\$1.08
Dec2013	\$1.02	Dec2013	\$1.02
Dec2012	\$1.17	Dec2012	\$1.00
Dec2011	\$0.90	Dec2011	\$0.91
Dec2010	\$0.90	Dec2010	\$0.89
Dec2009	\$0.98	Dec2009	\$0.87
Dec2008	\$0.95	Dec2008	\$0.80
Dec2007	\$0.75	Dec2007	\$0.71
Dec2006	\$0.67	Dec2006	\$0.68
Dec2005	\$0.74	Dec2005	\$0.66
Dec2004	\$0.70	Dec2004	\$0.62
Dec2003	\$0.57	Dec2003	\$0.59
Dec2002	\$0.63	Dec2002	\$0.61
Dec2001	\$0.49	<b>Balance Sheet Information 6/1/2018</b>	
Dec2000	\$0.66	Total Current Assets	\$189,570,000
Dec1999	\$0.72	Total Current Liabilities	\$622,300,000
Dec1998	\$0.66	Long-Term Debt	\$414,530,000
		Total Assets	\$2,789,514,000
		Intangible Assets	\$2,615,000
		Total Liabilities	\$2,103,582,000
		Shares Outstanding (Diluted Average)	48,073,000





**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** [California Water Service Group Valuation – Initial Coverage \\$CWT](#)

**Other ModernGraham posts about related companies** [Canadian Utilities Ltd Valuation – September 2018 \\$TSE:CU](#)  
[Spire Inc Valuation – August 2018 \\$SR](#)  
[Capital Power Corp Valuation – August 2018 \\$TSE-CPX](#)  
[Superior Plus Corp Valuation – August 2018 \\$TSX-SPB](#)  
[Just Energy Group Inc Valuation – August 2018 \\$TSE:JE](#)  
[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](#)