

# ModernGraham Valuation

Pinnacle West Capital Corporation



## Company Name:

Company Ticker PNW  
Date of Analysis

3/25/2019

### 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	\$10,824,428,063	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.56	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	39.65%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	21.58	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.03	Pass

*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	0.56	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-6.41	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	\$4.47
MG Growth Estimate	3.33%
<b>MG Value</b>	<b>\$67.81</b>
MG Value based on 3% Growth	\$64.84
MG Value based on 0% Growth	\$38.01
Market Implied Growth Rate	6.54%

#### MG Opinion

Current Price	\$96.52
% of Intrinsic Value	142.35%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>D+</b>

### Stage 3: Information for Further Research

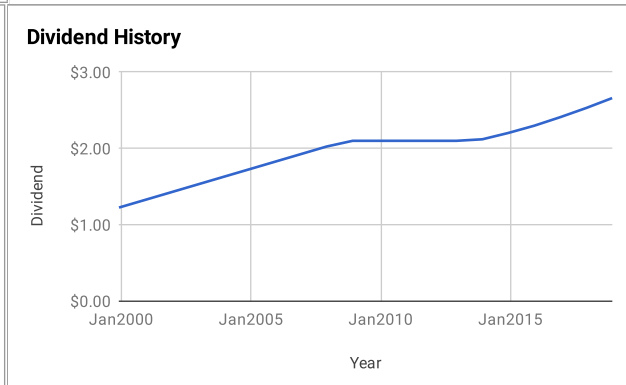
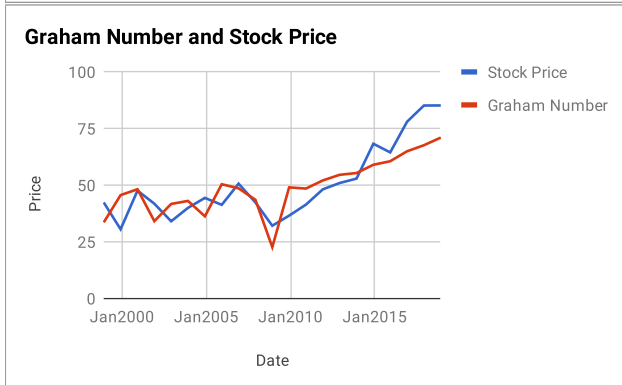
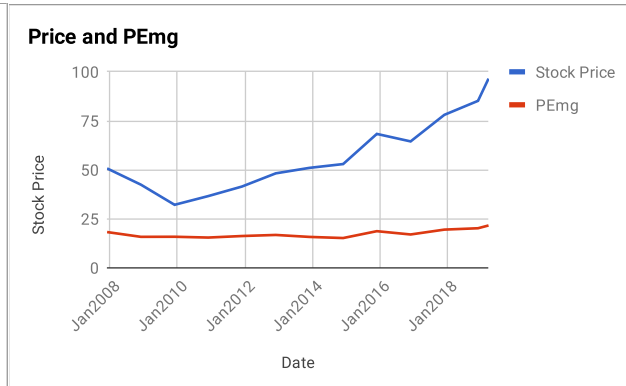
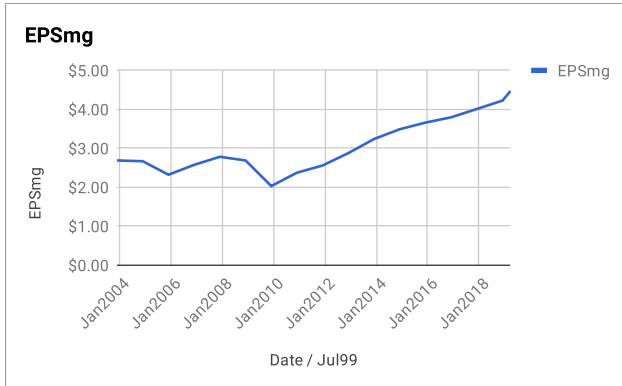
Net Current Asset Value (NCAV)	-\$101.07
Graham Number	\$71.02
PEmg	21.58
Current Ratio	0.56
PB Ratio	2.03
Current Dividend	\$2.82
Dividend Yield	2.92%
Number of Consecutive Years of Dividend Growth	7

#### 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	\$4.81	Next Fiscal Year Estimate	\$4.47
Dec2018	\$4.54	Dec2018	\$4.22
Dec2017	\$4.35	Dec2017	\$4.01
Dec2016	\$3.95	Dec2016	\$3.80
Dec2015	\$3.92	Dec2015	\$3.66
Dec2014	\$3.58	Dec2014	\$3.49
Dec2013	\$3.66	Dec2013	\$3.24
Dec2012	\$3.45	Dec2012	\$2.88
Dec2011	\$3.09	Dec2011	\$2.56
Dec2010	\$3.27	Dec2010	\$2.37
Dec2009	\$0.67	Dec2009	\$2.03
Dec2008	\$2.40	Dec2008	\$2.69
Dec2007	\$3.05	Dec2007	\$2.78
Dec2006	\$3.27	Dec2006	\$2.58
Dec2005	\$1.82	Dec2005	\$2.32
Dec2004	\$2.66	Dec2004	\$2.67
Dec2003	\$2.63	Dec2003	\$2.69
Dec2002	\$1.76	<b>Balance Sheet Information 12/1/2018</b>	
Dec2001	\$3.68	Total Current Assets	\$924,991,000
Dec2000	\$3.56	Total Current Liabilities	\$1,648,964,000
Dec1999	\$1.97	Long-Term Debt	\$4,638,232,000
		Total Assets	\$17,664,202,000
		Intangible Assets	\$262,902,000
		Total Liabilities	\$12,315,497,000
		Shares Outstanding (Diluted Average)	112,703,000





**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**
- [Pinnacle West Capital Corp Valuation – June 2018 \\$PNW](#)
  - [Pinnacle West Corp Valuation – March 2017 \\$PNW](#)
  - [Pinnacle West Capital Corp Valuation – December 2015 Update \\$PNW](#)
  - [22 Companies in the Spotlight This Week – 11/29/14](#)
  - [Pinnacle West Capital Corporation Annual Valuation – 2014 \\$PNW](#)

- Other ModernGraham posts about related companies**
- [NiSource Inc Valuation – March 2019 #NI](#)
  - [American Electric Power Company Inc Valuation – March 2019 #AEP](#)
  - [American Water Works Co Inc Valuation – March 2019 #AWK](#)
  - [Alliant Energy Corp Valuation – March 2019 #LNT](#)
  - [Consolidated Edison Inc Valuation – March 2019 #ED](#)
  - [Duke Energy Corp Valuation – March 2019 #DUK](#)
  - [Semptra Energy Valuation – March 2019 #SRE](#)
  - [Ameren Corp Valuation – March 2019 #AEE](#)
  - [NextEra Energy Inc Valuation – February 2019 \\$NEE](#)
  - [Dominion Energy Inc Valuation – February 2019 \\$D](#)