ModernGraham Valuation

Company Name:
Quanta Services Inc

Company Ticker   PWR

Date of Analysis   3/7/2019

ModernGraham

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	$4,963,069,313	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.84	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	158.99%	Pass
6. Moderate PEmg Ratio	PEmg < 20	15.34	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.47	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	1.84	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.68	Pass
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		Pass
	Score		

Suitability

Defensive	**No**
Enterprising	**Yes**

Stage 2: Determination of Intrinsic Value

EPSmg	$2.28
MG Growth Estimate	7.85%
MG Value	**$55.18**
MG Value based on 3% Growth	$33.07
MG Value based on 0% Growth	$19.39
Market Implied Growth Rate	3.42%

MG Opinion

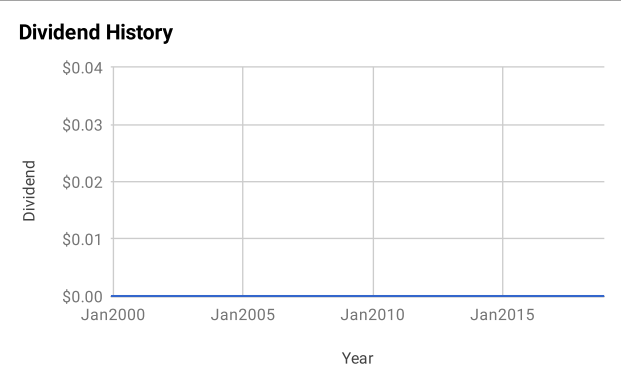|	
Current Price	$34.99
% of Intrinsic Value	63.41%
Opinion	**Undervalued**
MG Grade	**B+**

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-$0.95
Graham Number	$41.66
PEmg	15.34
Current Ratio	1.84
PB Ratio	1.47
Current Dividend	$0.04
Dividend Yield	0.11%
Number of Consecutive Years of Dividend Growth	1

EPS History		EPSmg History	
Next Fiscal Year Estimate	$3.30	Next Fiscal Year Estimate	$2.28
Dec2018	$1.90	Dec2018	$1.72
Dec2017	$2.00	Dec2017	$1.63
Dec2016	$1.26	Dec2016	$1.46
Dec2015	$1.59	Dec2015	$1.50
Dec2014	$1.35	Dec2014	$1.37
Dec2013	$1.87	Dec2013	$1.28
Dec2012	$1.44	Dec2012	$0.96
Dec2011	$0.62	Dec2011	$0.74
Dec2010	$0.72	Dec2010	$0.76
Dec2009	$0.81	Dec2009	$0.72
Dec2008	$0.87	Dec2008	$0.59
Dec2007	$0.89	Dec2007	$0.36
Dec2006	$0.15	Dec2006	-$0.46
Dec2005	$0.25	Dec2005	-$0.96
Dec2004	-$0.08	Dec2004	-$1.42
Dec2003	-$0.30	Dec2003	-$1.72
Dec2002	-$7.77	**Balance Sheet Information**	**12/1/2018**
Dec2001	$1.10	Total Current Assets	$3,326,104,000
Dec2000	$1.42	Total Current Liabilities	$1,806,127,000
Dec1999	$0.67	Long-Term Debt	$1,040,532,000
		Total Assets	$7,075,787,000
		Intangible Assets	$2,180,059,000
		Total Liabilities	$3,470,334,000
		Shares Outstanding (Diluted Average)	151,310,000

MG Value and Stock Price

EPSmg

Price and PEmg

Graham Number and Stock Price

Dividend History
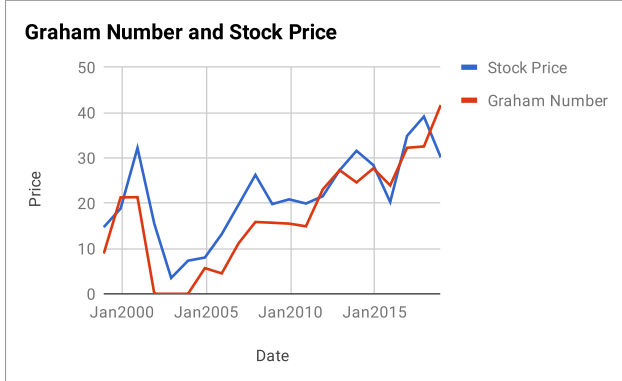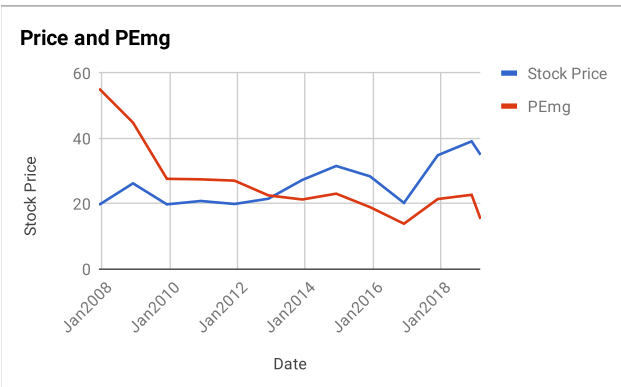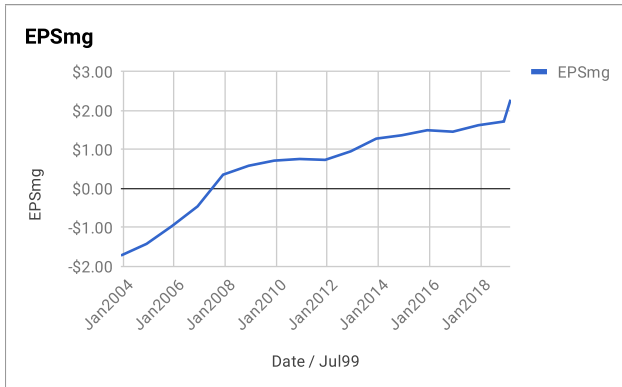
Disclaimer:

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	Quanta Services Inc Valuation – May 2018 $PWR 14 Best Stocks for Value Investors This Week – 2/11/17 Quanta Services Inc Valuation – February 2017 $PWR 15 Best Undervalued Stocks of the Week – 8/20/16 Quanta Services Inc Valuation – August 2016 $PWR
Other ModernGraham posts about related companies	Mohawk Industries Inc Valuation – March 2019 #MHK Jacobs Engineering Group Inc Valuation – March 2019 #JEC Masco Corp Valuation – February 2019 $MAS D.R. Horton Inc Valuation – February 2019 $DHI Martin Marietta Materials Inc Valuation – February 2019 $MLM Fluor Corp Valuation – February 2019 $FLR Lennar Corp Valuation – February 2019 $LEN Vulcan Materials Co Valuation – February 2019 $VMC PulteGroup Inc Valuation – January 2019 $PHM Sherwin-Williams Co Valuation – January 2019 $SHW