

ModernGraham Valuation

Company Name:

CMI Corporation

Company Ticker

CMI

Date of Analysis

12/11/2015



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 | \$16,014,329,972 | Pass |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2 | 2.23 | Pass |
| 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 | 131.86% | Pass |
| 5. Earnings Growth | PEmg < 20 | 10.05 | Pass |
| 6. Moderate PEmg Ratio | PB Ratio < 2.5 OR PB*PEmg < 50 | 2.00 | 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 | 2.23 | Pass |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1 | 0.33 | 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 |

Suitability

| | |
|---------------------|------------|
| Defensive | Yes |
| Enterprising | Yes |

Stage 2: Determination of Intrinsic Value

| | |
|-----------------------------|-----------------|
| EPSmg | \$8.71 |
| MG Growth Estimate | 7.60% |
| MG Value | \$206.36 |
| MG Value based on 3% Growth | \$126.30 |
| MG Value based on 0% Growth | \$74.04 |
| Market Implied Growth Rate | 0.77% |

MG Opinion

| | |
|----------------------|--------------------|
| Current Price | \$87.53 |
| % of Intrinsic Value | 42.42% |
| Opinion | Undervalued |

Stage 3: Information for Further Research

| | |
|--|---------|
| Net Current Asset Value (NCAV) | \$4.59 |
| Graham Number | \$92.89 |
| PEmg | 10.05 |
| Current Ratio | 2.23 |
| PB Ratio | 2.00 |
| Dividend Yield | 3.79% |
| Number of Consecutive Years of Dividend Growth | 10 |

Useful Links:

| | |
|--|-------------------------------|
| ModernGraham tagged articles | Morningstar |
| Google Finance | MSN Money |
| Yahoo Finance | Seeking Alpha |
| GuruFocus | SEC Filings |

| EPS History | | EPSmg History | |
|---------------------------|---------|--|------------------|
| Next Fiscal Year Estimate | \$8.79 | Next Fiscal Year Estimate | \$8.71 |
| Dec14 | \$9.02 | Dec14 | \$8.48 |
| Dec13 | \$7.91 | Dec13 | \$7.71 |
| Dec12 | \$8.67 | Dec12 | \$7.04 |
| Dec11 | \$9.55 | Dec11 | \$5.78 |
| Dec10 | \$5.28 | Dec10 | \$3.83 |
| Dec09 | \$2.16 | Dec09 | \$3.14 |
| Dec08 | \$3.84 | Dec08 | \$3.47 |
| Dec07 | \$3.70 | Dec07 | \$3.00 |
| Dec06 | \$3.55 | Dec06 | \$2.37 |
| Dec05 | \$2.75 | Dec05 | \$1.50 |
| Dec04 | \$1.85 | Dec04 | \$0.72 |
| Dec03 | \$0.32 | Dec03 | \$0.19 |
| Dec02 | \$0.53 | Dec02 | \$0.14 |
| Dec01 | -\$0.68 | Dec01 | \$0.08 |
| Dec00 | \$0.09 | Dec00 | \$0.53 |
| Dec99 | \$1.03 | Dec99 | \$0.81 |
| Dec98 | -\$0.14 | Balance Sheet Information Sep15 | |
| Dec97 | \$1.37 | Total Current Assets | \$8,862,000,000 |
| Dec96 | \$1.00 | Total Current Liabilities | \$3,968,000,000 |
| Dec95 | \$1.38 | Long-Term Debt | \$1,595,000,000 |
| | | Total Assets | \$15,797,000,000 |
| | | Intangible Assets | \$818,000,000 |
| | | Total Liabilities | \$8,048,000,000 |
| | | Shares Outstanding (Diluted Average) | 177,400,000 |





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**

- [10 Undervalued Companies for the Defensive Dividend Stock Investor – December 2015](#)
- [10 Low PE Stocks for the Defensive Investor – December 2015](#)
- [5 Undervalued Companies for the Defensive Investor Near 52 Week Lows – November 2015](#)
- [10 Undervalued Companies for the Defensive Dividend Stock Investor – November 2015](#)
- [10 Low PE Stocks for the Defensive Investor – November 2015](#)

**Other
ModernGraham
posts about related
companies**

- [Fastenal Co Valuation – November 2015 Update \\$FAST](#)
- [Pentair PLC Valuation – November 2015 Update \\$PNR](#)
- [A.O. Smith Corp Valuation – November 2015 Update \\$AOS](#)
- [Danaher Corporation Valuation – November 2015 Update \\$DHR](#)
- [AGCO Corporation Valuation – November 2015 Update \\$AGCO](#)
- [Snap-on Inc. Valuation – November 2015 Update \\$SNA](#)
- [Joy Global Inc. Valuation – November 2015 Update \\$JOY](#)
- [Rockwell Automation Inc. Valuation – October 2015 Update \\$ROK](#)
- [Paccar Inc. Analysis – October 2015 Update \\$PCAR](#)
- [W.W. Grainger Inc. Analysis – October 2015 Update \\$GWW](#)