

ModernGraham Valuation

Company Name:

Flowserve Corp

Company Ticker

FLS

Date of Analysis

8/19/2015



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	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	Pass
3. Earnings Stability	Positive EPS for 10 years prior	Pass
4. Dividend Record	Dividend Payments for 10 years prior	Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	Pass
5. Earnings Growth	PEmg < 20	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	Fail
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	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	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	Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	3.03
MG Growth Estimate	3.84%
MG Value	\$48.97
MG Value based on 3% Growth	\$43.88
MG Value based on 0% Growth	\$25.72
Market Implied Growth Rate	3.53%

MG Opinion

Current Price	\$47.12
% of Intrinsic Value	96.22%
Opinion	Fairly Valued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$5.67
PEmg	15.57
Current Ratio	2.04
PB Ratio	3.59
Dividend Yield	1.44%
Number of Consecutive Years of Dividend Growth	9

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	\$2.38	Next Fiscal Year Estimate	\$3.03
Dec14	\$3.76	Dec14	\$3.22
Dec13	\$3.41	Dec13	\$2.88
Dec12	\$2.84	Dec12	\$2.59
Dec11	\$2.55	Dec11	\$2.41
Dec10	\$2.29	Dec10	\$2.20
Dec09	\$2.53	Dec09	\$1.93
Dec08	\$2.58	Dec08	\$1.42
Dec07	\$1.49	Dec07	\$0.73
Dec06	\$0.67	Dec06	\$0.33
Dec05	\$0.10	Dec05	\$0.14
Dec04	\$0.16	Dec04	\$0.15
Dec03	\$0.27	Dec03	\$0.13
Dec02	\$0.16	Dec02	\$0.08
Dec01	-\$0.14	Dec01	\$0.09
Dec00	\$0.12	Dec00	\$0.24
Dec99	\$0.11	Dec99	\$0.34
Dec98	\$0.41	Balance Sheet Information Jun15	
Dec97	\$0.42	Total Current Assets	\$2,778,940,000
Dec96	\$0.59	Total Current Liabilities	\$1,365,418,000
Dec95	\$0.41	Long-Term Debt	\$1,626,150,000
		Total Assets	\$5,312,122,000
		Intangible Assets	\$1,479,045,000
		Total Liabilities	\$3,543,546,000
		Shares Outstanding (Diluted Average)	134,831,000



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:

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ModernGraham
posts about the
company

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[Flowserve Corporation Quarterly Valuation – May 2015 \\$FLS](#)
[40 Companies in the Spotlight This Week – 2/21/15](#)
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[Quanta Services Inc. Analysis – July 2015 Update \\$PWR](#)
[Fluor Corporation Analysis – July 2015 Update \\$FLR](#)
[Martin Marietta Materials Inc. Analysis – Initial Coverage \\$MLM](#)
[D.R. Horton Inc. Analysis – July 2015 Update \\$DHI](#)
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