

ModernGraham Valuation

Company Name:

Allegion PLC

Company Ticker ALLE

Date of Analysis

9/10/2015



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	Fail
3. Earnings Stability	Positive EPS for 10 years prior	Fail
4. Dividend Record	Dividend Payments for 10 years prior Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	Fail
5. Earnings Growth		Pass
6. Moderate PEmg Ratio	PEmg < 20	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	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	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	\$1.89
MG Growth Estimate	15.00%
MG Value	\$72.66
MG Value based on 3% Growth	\$27.37
MG Value based on 0% Growth	\$16.04
Market Implied Growth Rate	11.72%

MG Opinion

Current Price	\$60.28
% of Intrinsic Value	82.96%
Opinion	Fairly Valued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$10.54
Graham Number	\$5.42
PEmg	31.94
Current Ratio	1.93
PB Ratio	123.24
Dividend Yield	0.60%
Number of Consecutive Years of Dividend Growth	2

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	\$2.66	Next Fiscal Year Estimate	\$1.89
Dec14	\$1.80	Dec14	\$1.45
Dec13	\$0.32	Dec13	\$1.17
Dec12	\$2.29	Dec12	\$1.37
Dec11	\$2.27	Dec11	\$0.76
Dec10	\$0.00	Dec10	\$0.00
Dec09	\$0.00	Dec09	\$0.00
Dec08	\$0.00	Dec08	\$0.00
Dec07	\$0.00	Dec07	\$0.00
Dec06	\$0.00	Dec06	\$0.00
Dec05	\$0.00	Dec05	\$0.00
Dec04	\$0.00	Dec04	\$0.00
Dec03	\$0.00	Dec03	\$0.00
Dec02	\$0.00	Dec02	\$0.00
Dec01	\$0.00	Dec01	\$0.00
Dec00	\$0.00	Dec00	\$0.00
Dec99	\$0.00	Dec99	\$0.00
Dec98	\$0.00	Balance Sheet Information	Jun15
Dec97	\$0.00	Total Current Assets	\$923,200,000
Dec96	\$0.00	Total Current Liabilities	\$479,000,000
Dec95	\$0.00	Long-Term Debt	\$1,190,500,000
		Total Assets	\$1,989,600,000
		Intangible Assets	\$650,000,000
		Total Liabilities	\$1,942,300,000
		Shares Outstanding (Diluted Average)	96,700,000





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 [23 Companies to Research This Week – 9/13/14](#)
[Allegion Public Limited Co. Annual Stock Valuation – 2014 \\$ALLE](#)

Other ModernGraham posts about related companies [Parker Hannifin Corporation Analysis – September 2015 Update \\$PH](#)
[Roper Technologies Inc. Analysis – September 2015 Update \\$ROP](#)
[My Personal Holdings: Dover Corporation – September 2015 Update \\$DOV](#)
[Xylem Inc. Analysis – August 2015 Update \\$XYL](#)
[Cummins Inc. Analysis – August 2015 Update \\$CMI](#)
[Fastenal Company Analysis – August 2015 Update \\$FAST](#)
[A.O. Smith Corporation Analysis – Initial Coverage \\$AOS](#)
[The Best Companies of the Machinery Industry – August 2015](#)
[Danaher Corporation Analysis – August 2015 Update \\$DHR](#)
[Pall Corporation Analysis – August 2015 Update \\$PLL](#)