

# ModernGraham Valuation

Company Name:

Masco Corp

Company Ticker MAS

Date of Analysis

9/2/2015



## 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	Fail
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	Pass
5. Earnings Growth		
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	Fail
4. Dividend Record	Currently Pays Dividend	Pass
5. Earnings Growth	EPSmg greater than 5 years ago	Pass

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$0.96
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$36.96</b>
MG Value based on 3% Growth	\$13.92
MG Value based on 0% Growth	\$8.16
Market Implied Growth Rate	9.28%

### MG Opinion

Current Price	\$25.97
% of Intrinsic Value	70.27%
<b>Opinion</b>	<b>Undervalued</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$6.76
Graham Number	#NUM!
PEmg	27.05
Current Ratio	2.26
PB Ratio	-190.08
Dividend Yield	1.39%
Number of Consecutive Years of Dividend Growth	0

### 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	\$0.96	Next Fiscal Year Estimate	\$0.96
Dec14	\$2.38	Dec14	\$0.52
Dec13	\$0.80	Dec13	-\$0.59
Dec12	-\$0.33	Dec12	-\$1.30
Dec11	-\$1.66	Dec11	-\$1.54
Dec10	-\$3.00	Dec10	-\$1.15
Dec09	-\$0.53	Dec09	\$0.04
Dec08	-\$1.13	Dec08	\$0.56
Dec07	\$1.03	Dec07	\$1.48
Dec06	\$1.22	Dec06	\$1.67
Dec05	\$2.19	Dec05	\$1.74
Dec04	\$1.96	Dec04	\$1.43
Dec03	\$1.65	Dec03	\$1.15
Dec02	\$1.01	Dec02	\$0.95
Dec01	\$0.35	Dec01	\$0.96
Dec00	\$1.31	Dec00	\$1.23
Dec99	\$1.28	Dec99	\$1.00
Dec98	\$1.26	<b>Balance Sheet Information Jun15</b>	
Dec97	\$1.02	Total Current Assets	\$3,590,000,000
Dec96	\$0.92	Total Current Liabilities	\$1,590,000,000
Dec95	-\$1.39	Long-Term Debt	\$3,419,000,000
		Total Assets	\$5,869,000,000
		Intangible Assets	\$1,009,000,000
		Total Liabilities	\$5,916,000,000
		Shares Outstanding (Diluted Average)	344,000,000



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

[Masco Corporation Annual Valuation – 2015 \\$MAS](#)  
[14 Companies in the Spotlight This Week – 4/12/14](#)  
[Masco Corporation \(MAS\) Annual Valuation – 2014](#)

Other  
ModernGraham  
posts about related  
companies

[Flowserve Corporation Analysis – August 2015 Update \\$FLS](#)  
[Alexander & Baldwin Inc Analysis – Initial Coverage \\$ALEX](#)  
[Lennar Corporation Analysis – August 2015 Update \\$LEN](#)  
[Aecom Analysis – Initial Coverage \\$ACM](#)  
[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](#)  
[Jacobs Engineering Group Inc. Analysis – July 2015 Update \\$JEC](#)  
[PulteGroup Analysis – June 2015 Update \\$PHM](#)