

ModernGraham Valuation

Company Name:

Company Ticker MHK
Date of Analysis

Mohawk Industries,
Inc.

10/5/2015



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	\$13,903,023,961	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.20	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	-576.94%	Fail
6. Moderate PEmg Ratio	PEmg < 20	30.59	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.07	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	1.20	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.93	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$6.28
MG Growth Estimate	15.00%
MG Value	\$241.78
MG Value based on 3% Growth	\$91.06
MG Value based on 0% Growth	\$53.38
Market Implied Growth Rate	11.05%

MG Opinion

Current Price	\$192.12
% of Intrinsic Value	79.46%
Opinion	Fairly Valued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$26.42
Graham Number	\$107.86
PEmg	30.59
Current Ratio	1.20
PB Ratio	3.07
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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	\$8.20	Next Fiscal Year Estimate	\$6.28
Dec14	\$7.25	Dec14	\$4.94
Dec13	\$4.82	Dec13	\$3.42
Dec12	\$3.61	Dec12	\$0.97
Dec11	\$2.52	Dec11	-\$0.62
Dec10	\$2.65	Dec10	-\$1.57
Dec09	-\$0.08	Dec09	-\$2.36
Dec08	-\$21.32	Dec08	-\$1.87
Dec07	\$10.37	Dec07	\$7.43
Dec06	\$6.70	Dec06	\$5.77
Dec05	\$5.72	Dec05	\$5.12
Dec04	\$5.49	Dec04	\$4.61
Dec03	\$4.62	Dec03	\$3.99
Dec02	\$4.39	Dec02	\$3.48
Dec01	\$3.55	Dec01	\$2.85
Dec00	\$3.00	Dec00	\$2.31
Dec99	\$2.61	Dec99	\$1.77
Dec98	\$1.89	Balance Sheet Information Jun15	
Dec97	\$1.32	Total Current Assets	\$3,608,622,000
Dec96	\$0.95	Total Current Liabilities	\$3,001,531,000
Dec95	\$0.13	Long-Term Debt	\$1,777,828,000
		Total Assets	\$10,165,670,000
		Intangible Assets	\$3,225,510,000
		Total Liabilities	\$5,557,436,000
		Shares Outstanding (Diluted Average)	73,756,000





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

[14 Companies in the Spotlight This Week – 1/25/14](#)
[Mohawk Industries \(MHK\) Annual Valuation](#)

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posts about related
companies

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[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](#)
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