ModernGraham Valuation

Company Name:

Mohawk Industries, Inc.



Company Ticker
Date of Analysis

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.

MHK

 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

5. Earnings Growth 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.

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	0

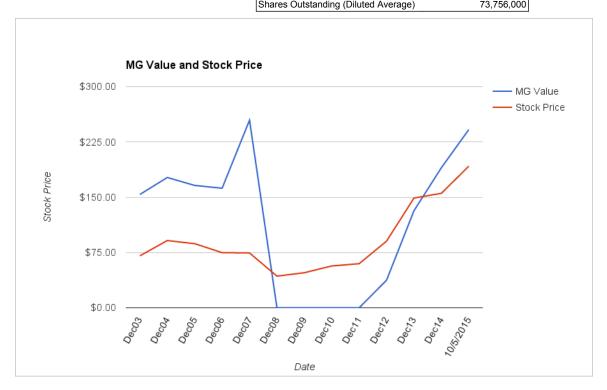
Useful Links: ModernGraham tagged articles Morningstar

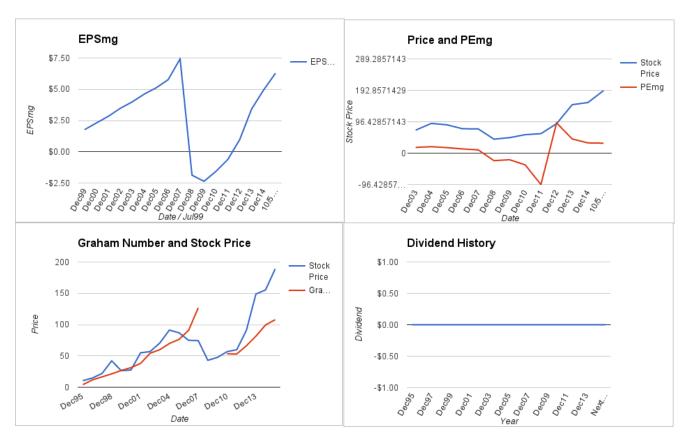
 Google Finance
 MSN Money

 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:

Other ModernGraham posts about the company 14 Companies in the Spotlight This Week – 1/25/14 Mohawk Industries (MHK) Annual Valuation

Other ModernGraham posts about related companies PulteGroup Inc. Analysis – October 2015 Update \$PHM

Masco Corporation Analysis – September 2015 Update \$MAS

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