

# ModernGraham Valuation

Company Name:

Raven Industries, Inc.

Company Ticker RAVN

Date of Analysis

10/9/2015



## 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  | \$696,825,151 | Fail |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2  | 6.75          | Pass |
| 3. Earnings Stability                      | Positive EPS for 10 years prior  |               | Pass |
| 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 | 12.12%        | Fail |
| 5. Earnings Growth                         | PEmg < 20  | 19.99         | Pass |
| 6. Moderate PEmg Ratio                     | PB Ratio < 2.5 OR PB*PEmg < 50   | 2.40          | Pass |
| 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            | 6.75 | Pass |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1              | 0.00 | Pass |
| 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 |      | Fail |

### Suitability

|                     |            |
|---------------------|------------|
| <b>Defensive</b>    | <b>No</b>  |
| <b>Enterprising</b> | <b>Yes</b> |

## Stage 2: Determination of Intrinsic Value

|                             |               |
|-----------------------------|---------------|
| EPSmg                       | \$0.93        |
| MG Growth Estimate          | -2.07%        |
| <b>MG Value</b>             | <b>\$4.07</b> |
| MG Value based on 3% Growth | \$13.55       |
| MG Value based on 0% Growth | \$7.94        |
| Market Implied Growth Rate  | 5.74%         |

### MG Opinion

|                      |                   |
|----------------------|-------------------|
| Current Price        | \$18.68           |
| % of Intrinsic Value | 458.47%           |
| <b>Opinion</b>       | <b>Overvalued</b> |

## Stage 3: Information for Further Research

|  |        |
|--|--------|
| Net Current Asset Value (NCAV)                 | \$2.71 |
| Graham Number                                  | \$9.93 |
| PEmg   | 19.99  |
| Current Ratio                                  | 6.75   |
| PB Ratio                                       | 2.40   |
| Dividend Yield                                 | 2.78%  |
| Number of Consecutive Years of Dividend Growth | 14     |

### 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 | \$0.56 | Next Fiscal Year Estimate              | \$0.93        |
| Jan15                     | \$0.86 | Jan15                                  | \$1.15        |
| Jan14                     | \$1.17 | Jan14                                  | \$1.25        |
| Jan13                     | \$1.44 | Jan13                                  | \$1.24        |
| Jan12                     | \$1.39 | Jan12                                  | \$1.08        |
| Jan11                     | \$1.12 | Jan11                                  | \$0.90        |
| Jan10                     | \$0.79 | Jan10                                  | \$0.78        |
| Jan09                     | \$0.85 | Jan09                                  | \$0.75        |
| Jan08                     | \$0.77 | Jan08                                  | \$0.66        |
| Jan07                     | \$0.70 | Jan07                                  | \$0.58        |
| Jan06                     | \$0.67 | Jan06                                  | \$0.49        |
| Jan05                     | \$0.49 | Jan05                                  | \$0.37        |
| Jan04                     | \$0.39 | Jan04                                  | \$0.28        |
| Jan03                     | \$0.30 | Jan03                                  | \$0.22        |
| Jan02                     | \$0.23 | Jan02                                  | \$0.17        |
| Jan01                     | \$0.16 | Jan01                                  | \$0.14        |
| Jan00                     | \$0.13 | Jan00                                  | \$0.12        |
| Jan99                     | \$0.11 | <b>Balance Sheet Information Jul15</b> |               |
| Jan98                     | \$0.14 | Total Current Assets                   | \$148,854,000 |
| Jan97                     | \$0.13 | Total Current Liabilities              | \$22,050,000  |
| Jan96                     | \$0.11 | Long-Term Debt                         | \$0           |
|                           |        | Total Assets                           | \$340,630,000 |
|                           |        | Intangible Assets                      | \$69,346,000  |
|                           |        | Total Liabilities                      | \$46,414,000  |
|                           |        | Shares Outstanding (Diluted Average)   | 37,828,000    |





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

[Raven Industries Inc. Analysis – Initial Coverage \\$RAVN](#)

Other  
ModernGraham  
posts about related  
companies

[Illinois Tool Works Inc. Analysis – October 2015 Update \\$ITW](#)  
[3M Company Analysis – September 2015 Update \\$MMM](#)  
[Honeywell International Inc. Analysis – July 2015 Update \\$HON](#)  
[Raven Industries Inc. Analysis – Initial Coverage \\$RAVN](#)  
[Illinois Tool Works Analysis – July 2015 Update \\$ITW](#)  
[3M Company Quarterly Valuation – May 2015 \\$MMM](#)  
[Honeywell International Inc. Quarterly Valuation – May 2015 \\$HON](#)  
[Illinois Tool Works Inc. Quarterly Valuation – March 2015 \\$ITW](#)  
[General Electric Annual Valuation – 2015 \\$GE](#)  
[3M Company Quarterly Valuation – February 2015 \\$MMM](#)