# **ModernGraham Valuation**

#### **Company Name:**

**AGCO Corporation** 



Company Ticker Date of Analysis

11/6/2015

## 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.

AGCO

<ol> <li>Adequate Size of the Enterprise</li> </ol>	Market Cap > \$2Bil	\$4,187,295,081 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.58 Fail
3. Earnings Stability	Positive EPS for 10 years prior	Fail
4. Dividend Record	Dividend Payments for 10 years prior	Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at	
5. Earnings Growth	beginning and end	130.57% Pass
6. Moderate PEmg Ratio	PEmg < 20	10.77 Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.42 Pass

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	1.58 Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.95 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	Pass

Suitability

Defensive No Enterprising Yes

#### Stage 2: Determination of Intrinsic Value

EPSmg	\$4.46
MG Growth Estimate	3.70%
MG Value	\$70.93
MG Value based on 3% Growth	\$64.69
MG Value based on 0% Growth	\$37.92
Market Implied Growth Rate	1.14%

MG Opinion

Current Price \$48.05 % of Intrinsic Value 67.74%

Opinion Undervalued

### Stage 3: Information for Further Research

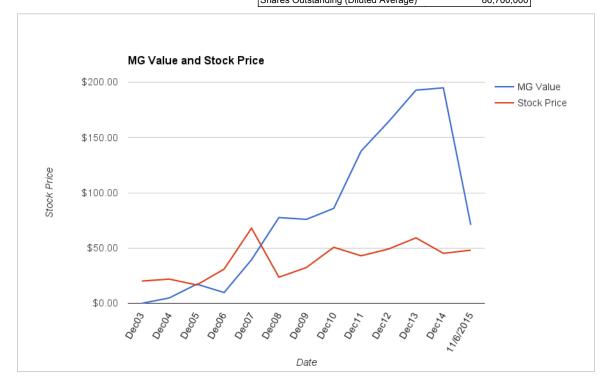
Net Current Asset Value (NCAV)	-\$7.42
Graham Number	\$47.46
PEmg	10.77
Current Ratio	1.58
PB Ratio	1.42
Dividend Yield	0.98%
Number of Consecutive Years of Dividend Growth	3

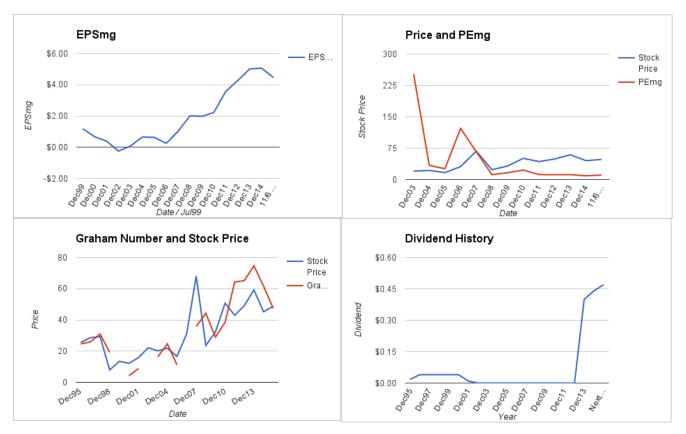
Morningstar

Useful Links: ModernGraham tagged articles

Google FinanceMSN MoneyYahoo FinanceSeeking AlphaGuruFocusSEC Filings

EPS History		EPSmg History		
Next Fiscal Year Estimate	\$2.98	Next Fiscal Year Estimate		\$4.46
Dec14	\$4.36	Dec14		\$5.06
Dec13	\$6.01	Dec13		\$5.01
Dec12	\$5.30	Dec12		\$4.27
Dec11	\$5.95	Dec11		\$3.58
Dec10	\$2.29	Dec10		\$2.23
Dec09	\$1.44	Dec09		\$1.97
Dec08	\$3.95	Dec08		\$2.02
Dec07	\$2.55	Dec07		\$1.02
Dec06	-\$0.71	Dec06		\$0.25
Dec05	\$0.35	Dec05		\$0.64
Dec04	\$1.71	Dec04		\$0.65
Dec03	\$0.98	Dec03		\$0.08
Dec02	-\$1.14	Dec02		-\$0.25
Dec01	\$0.31	Dec01		\$0.39
Dec00	\$0.06	Dec00		\$0.67
Dec99	-\$0.20	Dec99		\$1.19
Dec98	\$0.99	Balance Sheet Information	Sep15	
Dec97	\$2.71	Total Current Assets		\$3,500,500,000
Dec96	\$2.20	Total Current Liabilities		\$2,212,200,000
Dec95	\$2.30	Long-Term Debt		\$1,230,200,000
		Total Assets		\$7,071,600,000
		Intangible Assets		\$1,644,400,000
		Total Liabilities		\$4,144,200,000
		Shares Outstanding (Diluted Average)		86,700,000





#### 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 The Best Companies of the Machinery Industry – August 2015
The 20 Best Stocks For Value Investors This Week – 8/15/15
AGCO Corporation Analysis – Initial Coverage \$AGCO

Other ModernGraham posts about related companies Joy Global Inc. Valuation – November 2015 Update \$JOY

Rockwell Automation Inc. Valuation – October 2015 Update \$ROK

Paccar Inc. Analysis – October 2015 Update \$PCAR

W.W. Grainger Inc. Analysis - October 2015 Update \$GWW

My Personal Holdings: Deere & Company – October 2015 Update \$DE

Allegion PLC Analysis – September 2015 Update \$ALLE

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