

# ModernGraham Valuation

Company Name:

Flowserve Corp

Company Ticker

FLS

Date of Analysis

11/19/2015



## 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	\$5,963,706,214	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.02	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	100.63%	Pass
5. Earnings Growth	PEmg < 20	15.12	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	3.59	Fail
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	2.02	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.21	Fail
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

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

## Stage 2: Determination of Intrinsic Value

EPSmg	\$3.01
MG Growth Estimate	3.76%
<b>MG Value</b>	<b>\$48.25</b>
MG Value based on 3% Growth	\$43.69
MG Value based on 0% Growth	\$25.61
Market Implied Growth Rate	3.31%

### MG Opinion

Current Price	\$45.57
% of Intrinsic Value	94.44%
<b>Opinion</b>	<b>Fairly Valued</b>

## Stage 3: Information for Further Research

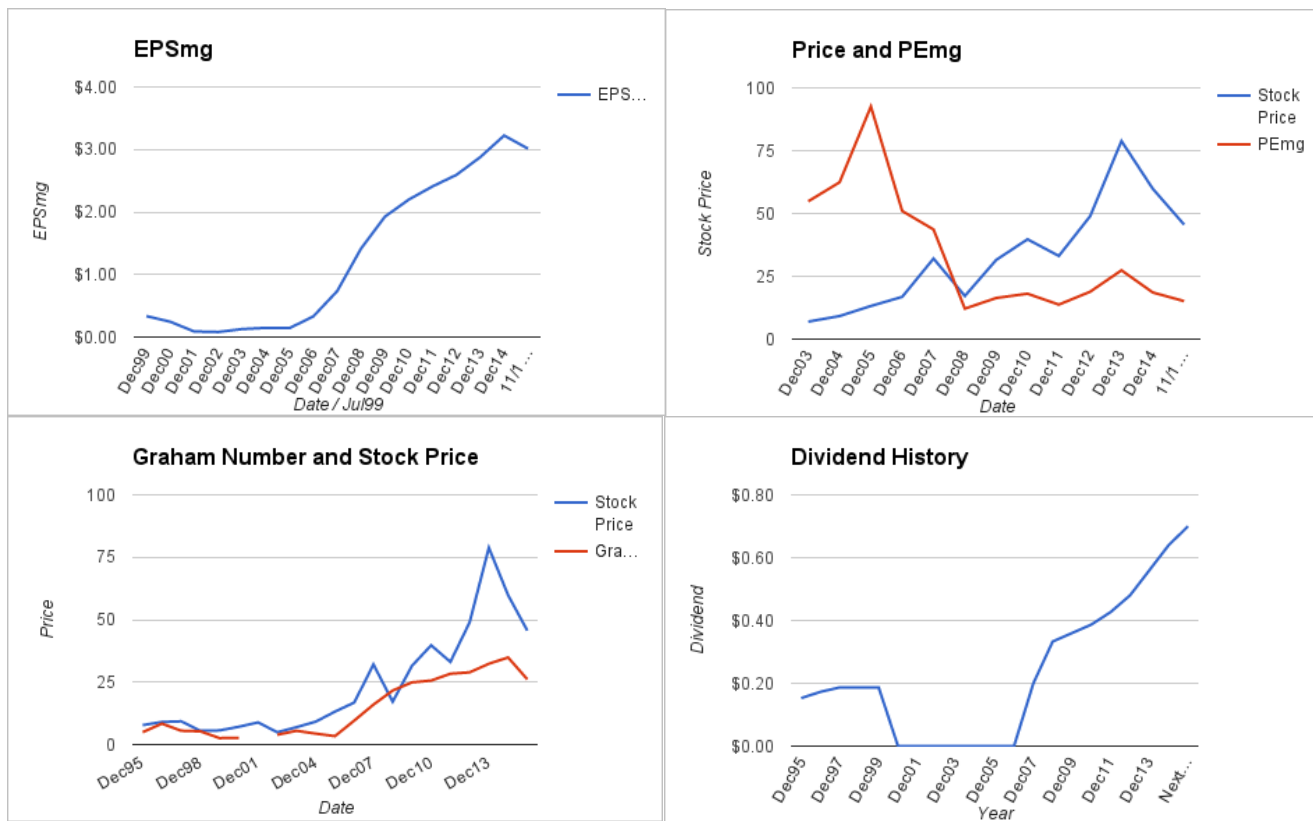
Net Current Asset Value (NCAV)	-\$6.16
Graham Number	\$26.12
PEmg	15.12
Current Ratio	2.02
PB Ratio	3.59
Dividend Yield	1.54%
Number of Consecutive Years of Dividend Growth	9

### 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	\$2.34	Next Fiscal Year Estimate	\$3.01
Dec14	\$3.76	Dec14	\$3.22
Dec13	\$3.41	Dec13	\$2.88
Dec12	\$2.84	Dec12	\$2.59
Dec11	\$2.55	Dec11	\$2.41
Dec10	\$2.29	Dec10	\$2.20
Dec09	\$2.53	Dec09	\$1.93
Dec08	\$2.58	Dec08	\$1.42
Dec07	\$1.49	Dec07	\$0.73
Dec06	\$0.67	Dec06	\$0.33
Dec05	\$0.10	Dec05	\$0.14
Dec04	\$0.16	Dec04	\$0.15
Dec03	\$0.27	Dec03	\$0.13
Dec02	\$0.16	Dec02	\$0.08
Dec01	-\$0.14	Dec01	\$0.09
Dec00	\$0.12	Dec00	\$0.24
Dec99	\$0.11	Dec99	\$0.34
Dec98	\$0.41	<b>Balance Sheet Information Sep15</b>	
Dec97	\$0.42	Total Current Assets	\$2,649,729,000
Dec96	\$0.59	Total Current Liabilities	\$1,314,279,000
Dec95	\$0.41	Long-Term Debt	\$1,610,059,000
		Total Assets	\$5,158,255,000
		Intangible Assets	\$1,470,729,000
		Total Liabilities	\$3,469,932,000
		Shares Outstanding (Diluted Average)	133,160,000





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 Construction Industry – October 2015](#)  
[15 Best Stocks For Value Investors This Week – 8/22/15](#)  
[Flowserve Corporation Analysis – August 2015 Update \\$FLS](#)  
[The Best Companies of the Construction Industry – June 2015](#)  
[30 Companies in the Spotlight This Week – 5/23/15](#)

Other  
ModernGraham  
posts about related  
companies

[Lennar Corporation Valuation – November 2015 Update \\$LEN](#)  
[Home Depot Inc. Valuation – November 2015 Update \\$HD](#)  
[Quanta Services Inc. Valuation – October 2015 Update \\$PWR](#)  
[Fluor Corporation Valuation – October 2015 Update \\$FLR](#)  
[Martin Marietta Materials Inc. Valuation – October 2015 Update \\$MLM](#)  
[Jacobs Engineering Group Analysis – October 2015 Update \\$JEC](#)  
[D.R. Horton Inc. Analysis – October 2015 Update \\$DHI](#)  
[The Best Companies of the Construction Industry – October 2015](#)  
[Mohawk Industries Inc. Analysis – October 2015 Update \\$MHK](#)  
[PulteGroup Inc. Analysis – October 2015 Update \\$PHM](#)