

ModernGraham Valuation

Company Name:

Emerson Electric Co.

Company Ticker

EMR

Date of Analysis

2/12/2016



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	\$29,376,334,887	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.18	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	23.90%	Fail
6. Moderate PEmg Ratio	PEmg < 20	14.49	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.03	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	1.18	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.71	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

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.18
MG Growth Estimate	1.79%
MG Value	\$38.39
MG Value based on 3% Growth	\$46.05
MG Value based on 0% Growth	\$27.00
Market Implied Growth Rate	2.99%

MG Opinion

Current Price	\$46.02
% of Intrinsic Value	119.86%
Opinion	Overvalued

Stage 3: Information for Further Research

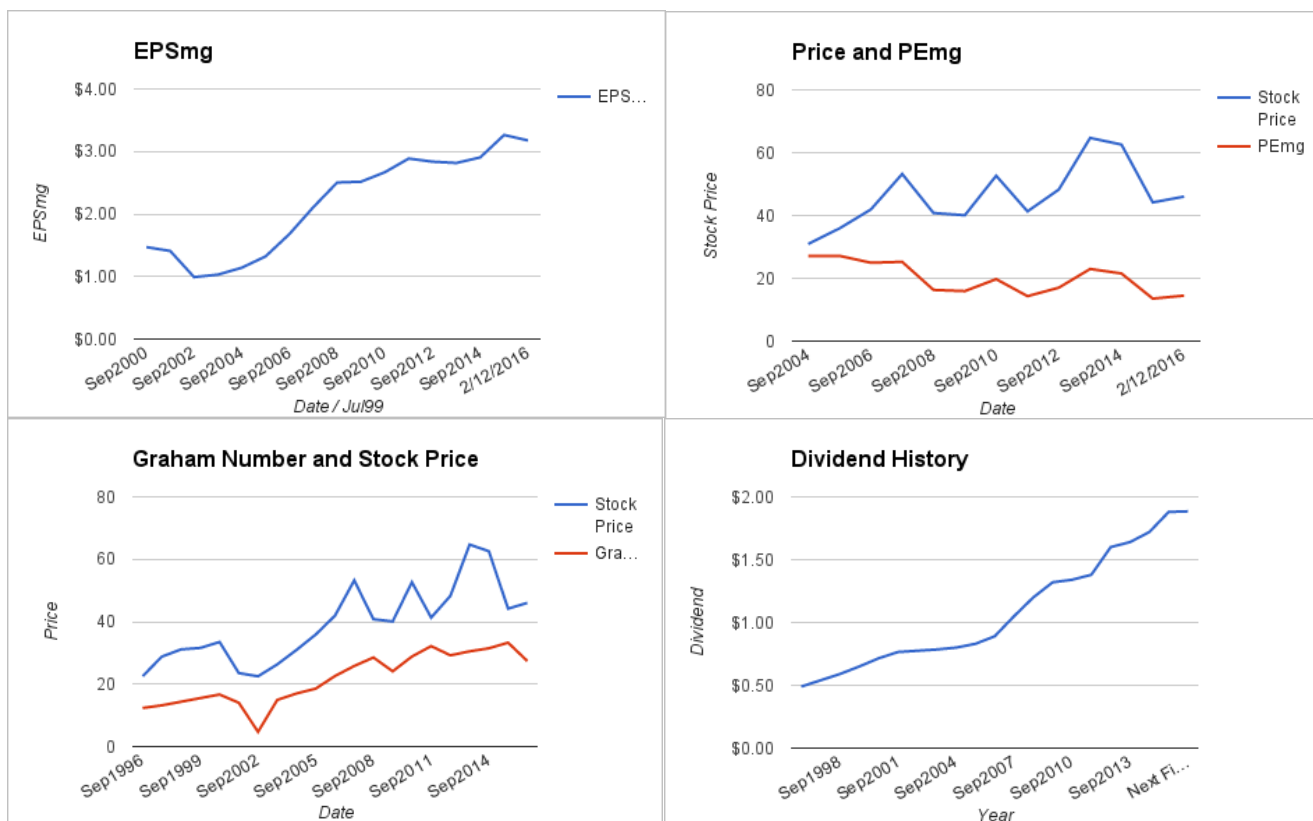
Net Current Asset Value (NCAV)	-\$6.75
Graham Number	\$27.40
PEmg	14.49
Current Ratio	1.18
PB Ratio	4.03
Dividend Yield	4.10%
Number of Consecutive Years of Dividend Growth	20

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	\$2.88	Next Fiscal Year Estimate	\$3.18
Sep2015	\$3.99	Sep2015	\$3.26
Sep2014	\$3.03	Sep2014	\$2.91
Sep2013	\$2.76	Sep2013	\$2.82
Sep2012	\$2.67	Sep2012	\$2.84
Sep2011	\$3.27	Sep2011	\$2.89
Sep2010	\$2.84	Sep2010	\$2.67
Sep2009	\$2.27	Sep2009	\$2.52
Sep2008	\$3.06	Sep2008	\$2.50
Sep2007	\$2.66	Sep2007	\$2.11
Sep2006	\$2.24	Sep2006	\$1.68
Sep2005	\$1.70	Sep2005	\$1.32
Sep2004	\$1.49	Sep2004	\$1.14
Sep2003	\$1.30	Sep2003	\$1.03
Sep2002	\$0.15	Sep2002	\$0.99
Sep2001	\$1.20	Sep2001	\$1.41
Sep2000	\$1.65	Sep2000	\$1.47
Sep1999	\$1.50	Balance Sheet Information	
Sep1998	\$1.39	Dec2015	
Sep1997	\$1.26	Total Current Assets	\$9,694,000,000
Sep1996	\$1.14	Total Current Liabilities	\$8,202,000,000
		Long-Term Debt	\$4,043,000,000
		Total Assets	\$21,552,000,000
		Intangible Assets	\$8,068,000,000
		Total Liabilities	\$14,096,000,000
		Shares Outstanding (Diluted Average)	652,500,000





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.

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