

ModernGraham Valuation

Company Name:

Snap-on Incorporated

Company Ticker

SNA

Date of Analysis

2/11/2016



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	\$8,332,907,496	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.83	Pass
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	150.32%	Pass
6. Moderate PEmg Ratio	PEmg < 20	18.25	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.38	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	2.83	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.70	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	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$7.56
MG Growth Estimate	11.93%
MG Value	\$244.52
MG Value based on 3% Growth	\$109.55
MG Value based on 0% Growth	\$64.22
Market Implied Growth Rate	4.88%

MG Opinion

Current Price	\$137.89
% of Intrinsic Value	56.39%
Opinion	Undervalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$2.97
Graham Number	\$89.09
PEmg	18.25
Current Ratio	2.83
PB Ratio	3.38
Dividend Yield	1.60%
Number of Consecutive Years of Dividend Growth	7

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	\$8.49	Next Fiscal Year Estimate	\$7.56
Dec2015	\$8.10	Dec2015	\$6.80
Dec2014	\$7.14	Dec2014	\$5.84
Dec2013	\$5.93	Dec2013	\$4.89
Dec2012	\$5.20	Dec2012	\$4.21
Dec2011	\$4.71	Dec2011	\$3.63
Dec2010	\$3.19	Dec2010	\$3.02
Dec2009	\$2.32	Dec2009	\$2.81
Dec2008	\$4.07	Dec2008	\$2.82
Dec2007	\$3.09	Dec2007	\$2.08
Dec2006	\$1.69	Dec2006	\$1.57
Dec2005	\$1.59	Dec2005	\$1.44
Dec2004	\$1.40	Dec2004	\$1.40
Dec2003	\$1.35	Dec2003	\$1.48
Dec2002	\$1.81	Dec2002	\$1.48
Dec2001	\$0.33	Dec2001	\$1.37
Dec2000	\$2.53	Dec2000	\$1.87
Dec1999	\$2.16	Balance Sheet Information Dec2015	
Dec1998	-\$0.08	Total Current Assets	\$1,898,700,000
Dec1997	\$2.44	Total Current Liabilities	\$670,500,000
Dec1996	\$2.13	Long-Term Debt	\$861,700,000
		Total Assets	\$4,486,900,000
		Intangible Assets	\$985,100,000
		Total Liabilities	\$2,074,200,000
		Shares Outstanding (Diluted Average)	59,100,000





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:

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[The 20 Best Stocks For Value Investors This Week – 8/15/15](#)
[Snap-on Inc. Analysis – August 2015 Update \\$SNA](#)
[21 Companies in the Spotlight This Week – 5/9/15](#)
[Snap-on Inc. Quarterly Valuation – May 2015 \\$SNA](#)

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[Parker Hannifin Corp Valuation – January 2016 Update \\$PH](#)
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