

ModernGraham Valuation

Company Name:

Company Ticker ETN
Date of Analysis

Eaton Corporation,
PLC Ordinary Shares

7/18/2016



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	\$29,234,140,000	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.40	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	56.91%	Pass
6. Moderate PEmg Ratio	PEmg < 20	15.88	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.88	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	1.40	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.80	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	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.00
MG Growth Estimate	4.24%
MG Value	\$67.90
MG Value based on 3% Growth	\$57.96
MG Value based on 0% Growth	\$33.98
Market Implied Growth Rate	3.69%

MG Opinion

Current Price	\$63.49
% of Intrinsic Value	93.51%
Opinion	Fairly Valued
MG Grade	B

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$19.68
Graham Number	\$55.91
PEmg	15.88
Current Ratio	1.40
PB Ratio	1.88
Current Dividend	\$2.22
Dividend Yield	3.50%
Number of Consecutive Years of Dividend Growth	7

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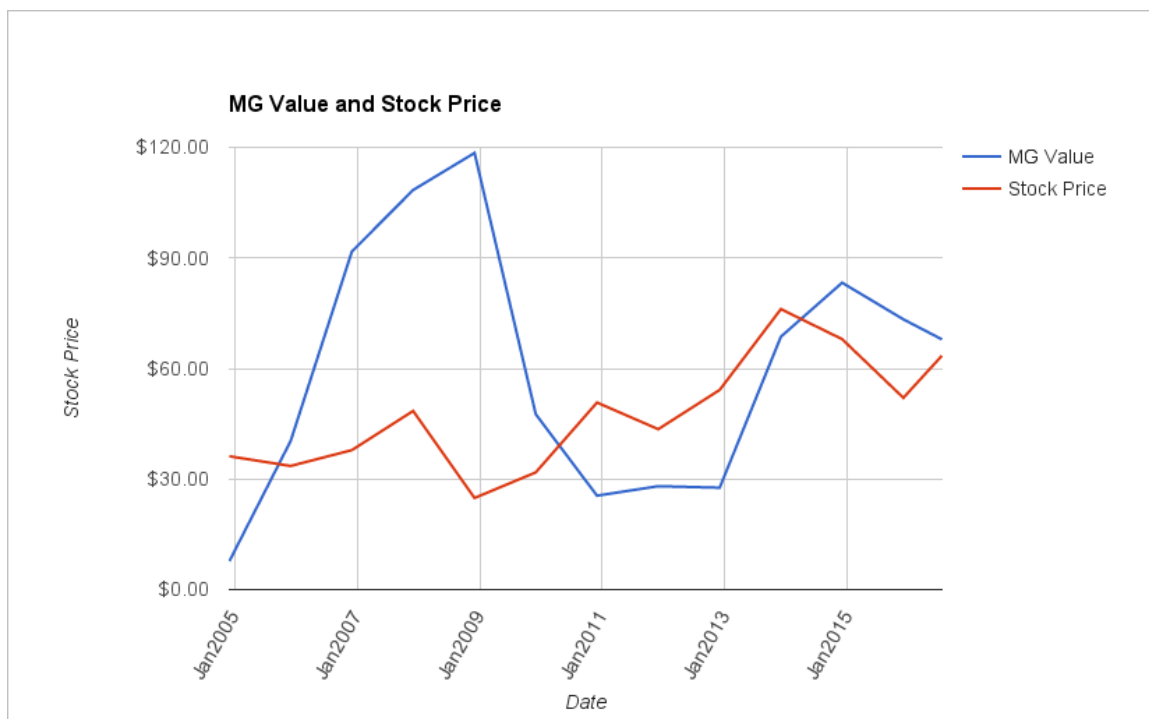
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.10	Next Fiscal Year Estimate	\$4.00
Dec2015	\$4.23	Dec2015	\$3.92
Dec2014	\$3.76	Dec2014	\$3.69
Dec2013	\$3.90	Dec2013	\$3.45
Dec2012	\$3.46	Dec2012	\$3.12
Dec2011	\$3.93	Dec2011	\$2.92
Dec2010	\$2.73	Dec2010	\$2.51
Dec2009	\$1.14	Dec2009	\$2.50
Dec2008	\$3.26	Dec2008	\$3.08
Dec2007	\$3.31	Dec2007	\$2.82
Dec2006	\$3.11	Dec2006	\$2.38
Dec2005	\$2.62	Dec2005	\$1.85
Dec2004	\$2.07	Dec2004	\$1.41
Dec2003	\$1.28	Dec2003	\$1.15
Dec2002	\$0.98	Dec2002	\$1.16
Dec2001	\$0.60	Dec2001	\$1.28
Dec2000	\$1.56	Dec2000	\$1.57
Dec1999	\$2.09	Balance Sheet Information 3/1/2016	
Dec1998	\$1.20	Total Current Assets	\$7,013,000,000
Dec1997	\$1.31	Total Current Liabilities	\$5,022,000,000
Dec1996	\$1.13	Long-Term Debt	\$7,572,000,000
		Total Assets	\$31,583,000,000
		Intangible Assets	\$19,535,000,000
		Total Liabilities	\$16,064,000,000
		Shares Outstanding (Diluted Average)	459,800,000





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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