

ModernGraham Valuation

Company Name:

Johnson Controls Inc

Company Ticker JCI

Date of Analysis

7/3/2016



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	\$28,489,754,831	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.94	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	96.19%	Pass
6. Moderate PEmg Ratio	PEmg < 20	21.95	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.86	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	0.94	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-7.01	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	\$2.01
MG Growth Estimate	2.80%
MG Value	\$28.33
MG Value based on 3% Growth	\$29.14
MG Value based on 0% Growth	\$17.08
Market Implied Growth Rate	6.72%

MG Opinion

Current Price	\$44.10
% of Intrinsic Value	155.67%
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$15.67
Graham Number	\$26.46
PEmg	21.95
Current Ratio	0.94
PB Ratio	2.86
Current Dividend	\$1.10
Dividend Yield	2.49%
Number of Consecutive Years of Dividend Growth	6

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.02	Next Fiscal Year Estimate	\$2.01
Sep2015	\$2.36	Sep2015	\$2.00
Sep2014	\$1.80	Sep2014	\$1.87
Sep2013	\$1.71	Sep2013	\$1.77
Sep2012	\$1.78	Sep2012	\$1.69
Sep2011	\$2.36	Sep2011	\$1.61
Sep2010	\$2.19	Sep2010	\$1.30
Sep2009	-\$0.57	Sep2009	\$1.00
Sep2008	\$1.63	Sep2008	\$1.75
Sep2007	\$2.09	Sep2007	\$1.74
Sep2006	\$1.74	Sep2006	\$1.51
Sep2005	\$1.56	Sep2005	\$1.33
Sep2004	\$1.41	Sep2004	\$1.17
Sep2003	\$1.20	Sep2003	\$1.02
Sep2002	\$1.06	Sep2002	\$0.89
Sep2001	\$0.85	Sep2001	\$0.77
Sep2000	\$0.85	Sep2000	\$0.70
Sep1999	\$0.75	Balance Sheet Information 3/1/2016	
Sep1998	\$0.61	Total Current Assets	\$11,058,000,000
Sep1997	\$0.52	Total Current Liabilities	\$11,792,000,000
Sep1996	\$0.43	Long-Term Debt	\$5,143,000,000
		Total Assets	\$31,199,000,000
		Intangible Assets	\$8,618,000,000
		Total Liabilities	\$21,215,000,000
		Shares Outstanding (Diluted Average)	648,200,000





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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