

ModernGraham Valuation

Company Name:

Sherwin-Williams Co

Company Ticker SHW

Date of Analysis

7/12/2016



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	\$28,335,703,566	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.28	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	154.41%	Pass
6. Moderate PEmg Ratio	PEmg < 20	30.45	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	28.57	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	1.28	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.05	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	\$10.04
MG Growth Estimate	15.00%
MG Value	\$386.46
MG Value based on 3% Growth	\$145.55
MG Value based on 0% Growth	\$85.32
Market Implied Growth Rate	10.98%

MG Opinion

Current Price	\$305.68
% of Intrinsic Value	79.10%
Opinion	Fairly Valued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$22.97
Graham Number	\$53.62
PEmg	30.45
Current Ratio	1.28
PB Ratio	28.57
Current Dividend	\$2.85
Dividend Yield	0.93%
Number of Consecutive Years of Dividend Growth	20

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$11.81	Next Fiscal Year Estimate	\$10.04
Dec2015	\$11.16	Dec2015	\$8.59
Dec2014	\$8.78	Dec2014	\$6.90
Dec2013	\$7.26	Dec2013	\$5.67
Dec2012	\$6.02	Dec2012	\$4.72
Dec2011	\$4.14	Dec2011	\$4.11
Dec2010	\$4.21	Dec2010	\$4.12
Dec2009	\$3.78	Dec2009	\$4.04
Dec2008	\$4.00	Dec2008	\$4.04
Dec2007	\$4.70	Dec2007	\$3.85
Dec2006	\$4.19	Dec2006	\$3.17
Dec2005	\$3.28	Dec2005	\$2.49
Dec2004	\$2.72	Dec2004	\$1.91
Dec2003	\$2.26	Dec2003	\$1.45
Dec2002	\$0.84	Dec2002	\$1.09
Dec2001	\$1.68	Dec2001	\$1.26
Dec2000	\$0.10	Dec2000	\$1.12
Dec1999	\$1.80	Balance Sheet Information 3/1/2016	
Dec1998	\$1.57	Total Current Assets	\$2,888,625,000
Dec1997	\$1.50	Total Current Liabilities	\$2,262,561,000
Dec1996	\$1.33	Long-Term Debt	\$1,908,774,000
		Total Assets	\$6,038,309,000
		Intangible Assets	\$1,397,621,000
		Total Liabilities	\$5,037,486,000
		Shares Outstanding (Diluted Average)	93,548,000





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

- [47 Companies in the Spotlight This Week – 5/16/15](#)
- [Sherwin Williams Company Annual Valuation – 2015 \\$SHW](#)
- [16 Companies in the Spotlight This Week – 5/24/14](#)
- [Sherwin-Williams Company 2014 Annual Valuation \\$SHW](#)

Other ModernGraham posts about related companies

- [Cummins Inc Valuation – July 2016 \\$CMI](#)
- [Corning Inc Valuation – May 2016 \\$GLW](#)
- [Flowerserve Corporation Valuation – May 2016 \\$FLS](#)
- [Lennar Corporation Valuation – May 2016 \\$LEN](#)
- [Quanta Services Inc Valuation – February 2016 \\$PWR](#)
- [Martin Marietta Materials Inc Valuation – February 2016 Update \\$MLM](#)
- [Fluor Corp Valuation – February 2016 Update \\$FLR](#)
- [Jacobs Engineering Group Inc Valuation – January 2016 Update \\$JEC](#)
- [D.R. Horton Inc Valuation – January 2016 Update \\$DHI](#)
- [Lowe's Companies Inc Valuation – January 2016 Update \\$LOW](#)