

ModernGraham Valuation

Company Name:

Leggett & Platt, Inc.

Company Ticker LEG

Date of Analysis

8/25/2016



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	\$6,993,703,697	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.97	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	347.62%	Pass
6. Moderate PEmg Ratio	PEmg < 20	27.11	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	6.89	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	1.97	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.53	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	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.93
MG Growth Estimate	8.94%
MG Value	\$50.91
MG Value based on 3% Growth	\$27.98
MG Value based on 0% Growth	\$16.40
Market Implied Growth Rate	9.31%

MG Opinion

Current Price	\$52.31
% of Intrinsic Value	102.75%
Opinion	Fairly Valued
MG Grade	B+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$4.20
Graham Number	\$21.85
PEmg	27.11
Current Ratio	1.97
PB Ratio	6.89
Current Dividend	\$1.30
Dividend Yield	2.49%
Number of Consecutive Years of Dividend Growth	20

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.68	Next Fiscal Year Estimate	\$1.93
Dec2015	\$2.28	Dec2015	\$1.51
Dec2014	\$0.68	Dec2014	\$1.14
Dec2013	\$1.34	Dec2013	\$1.31
Dec2012	\$1.70	Dec2012	\$1.21
Dec2011	\$1.04	Dec2011	\$0.87
Dec2010	\$1.15	Dec2010	\$0.79
Dec2009	\$0.70	Dec2009	\$0.69
Dec2008	\$0.62	Dec2008	\$0.78
Dec2007	-\$0.06	Dec2007	\$0.93
Dec2006	\$1.61	Dec2006	\$1.39
Dec2005	\$1.30	Dec2005	\$1.25
Dec2004	\$1.45	Dec2004	\$1.21
Dec2003	\$1.05	Dec2003	\$1.12
Dec2002	\$1.17	Dec2002	\$1.18
Dec2001	\$0.94	Dec2001	\$1.19
Dec2000	\$1.32	Dec2000	\$1.27
Dec1999	\$1.45	Balance Sheet Information 6/1/2016	
Dec1998	\$1.24	Total Current Assets	\$1,380,100,000
Dec1997	\$1.08	Total Current Liabilities	\$699,000,000
Dec1996	\$0.77	Long-Term Debt	\$1,044,300,000
		Total Assets	\$3,031,800,000
		Intangible Assets	\$975,300,000
		Total Liabilities	\$1,968,500,000
		Shares Outstanding (Diluted Average)	140,100,000





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.

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