

ModernGraham Valuation

Company Name:

Regal Beloit Corp

Company Ticker RBC

Date of Analysis

8/21/2016



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	\$2,834,740,814	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.73	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	-16.97%	Fail
6. Moderate PEmg Ratio	PEmg < 20	20.57	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.43	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	2.73	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.55	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		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.10
MG Growth Estimate	-3.17%
MG Value	\$6.68
MG Value based on 3% Growth	\$44.91
MG Value based on 0% Growth	\$26.33
Market Implied Growth Rate	6.04%

MG Opinion

Current Price	\$63.72
% of Intrinsic Value	954.29%
Opinion	Overvalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$19.82
Graham Number	\$66.35
PEmg	20.57
Current Ratio	2.73
PB Ratio	1.43
Current Dividend	\$0.93
Dividend Yield	1.46%
Number of Consecutive Years of Dividend Growth	12

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[GuruFocus](#) [SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.35	Next Fiscal Year Estimate	\$3.10
Dec2015	\$3.18	Dec2015	\$2.64
Dec2014	\$0.69	Dec2014	\$2.62
Dec2013	\$2.64	Dec2013	\$3.56
Dec2012	\$4.64	Dec2012	\$3.93
Dec2011	\$3.79	Dec2011	\$3.55
Dec2010	\$3.84	Dec2010	\$3.42
Dec2009	\$2.63	Dec2009	\$3.17
Dec2008	\$3.78	Dec2008	\$3.23
Dec2007	\$3.49	Dec2007	\$2.72
Dec2006	\$3.28	Dec2006	\$2.14
Dec2005	\$2.25	Dec2005	\$1.47
Dec2004	\$1.22	Dec2004	\$1.11
Dec2003	\$1.00	Dec2003	\$1.12
Dec2002	\$1.01	Dec2002	\$1.28
Dec2001	\$0.93	Dec2001	\$1.49
Dec2000	\$1.61	Dec2000	\$1.77
Dec1999	\$1.80	Balance Sheet Information 6/1/2016	
Dec1998	\$2.02	Total Current Assets	\$1,636,800,000
Dec1997	\$1.83	Total Current Liabilities	\$599,800,000
Dec1996	\$1.57	Long-Term Debt	\$1,610,500,000
		Total Assets	\$4,540,600,000
		Intangible Assets	\$2,215,100,000
		Total Liabilities	\$2,528,600,000
		Shares Outstanding (Diluted Average)	45,000,000





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

- [5 Speculative and Overvalued Companies to Avoid – June 2015](#)
- [Regal-Beloit Corporation Analysis – 2015 Update \\$RBC](#)
- [18 Companies in the Spotlight This Week – 3/21/15](#)
- [Regal-Beloit Corporation Quarterly Valuation – March 2015 \\$RBC](#)
- [26 Companies in the Spotlight This Week – 12/13/14](#)

Other ModernGraham posts about related companies

- [Snap-on Incorporated Valuation – August 2016 \\$SNA](#)
- [AGCO Corporation Valuation – August 2016 \\$AGCO](#)
- [PACCAR Inc Valuation – August 2016 \\$PCAR](#)
- [W.W. Grainger Inc Valuation – August 2016 \\$GWW](#)
- [Allegion PLC Valuation – August 2016 \\$ALLE](#)
- [Xylem Inc Valuation – August 2016 \\$XYL](#)
- [Rockwell Automation Inc Valuation – July 2016 \\$ROK](#)
- [Roper Technologies Inc Valuation – July 2016 \\$ROP](#)
- [Eaton Corp Valuation – July 2016 \\$ETN](#)
- [Parker-Hannifin Corp Valuation – July 2016 \\$PH](#)