

# ModernGraham Valuation

Company Name:

Snap-on Incorporated

Company Ticker SNA

Date of Analysis

8/20/2016



## 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	\$8,979,872,318	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.17	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	155.70%	Pass
6. Moderate PEmg Ratio	PEmg < 20	19.92	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.54	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	2.17	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.72	Pass
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

<b>Defensive</b>	<b>Yes</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$7.73
MG Growth Estimate	12.54%
<b>MG Value</b>	<b>\$259.39</b>
MG Value based on 3% Growth	\$112.02
MG Value based on 0% Growth	\$65.67
Market Implied Growth Rate	5.71%

### MG Opinion

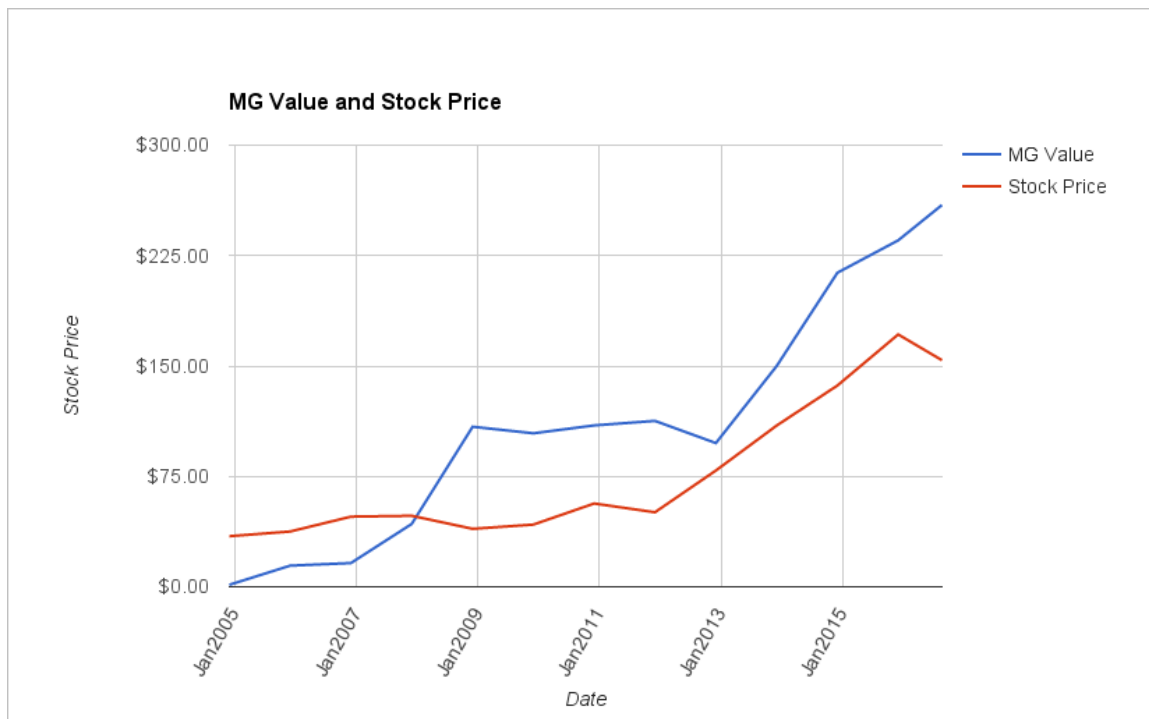
Current Price	\$153.92
% of Intrinsic Value	59.34%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>B</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$1.16
Graham Number	\$94.91
PEmg	19.92
Current Ratio	2.17
PB Ratio	3.54
Current Dividend	\$2.36
Dividend Yield	1.53%
Number of Consecutive Years of Dividend Growth	7

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$9.00	Next Fiscal Year Estimate	\$7.73
Dec2015	\$8.10	Dec2015	\$6.80
Dec2014	\$7.14	Dec2014	\$5.84
Dec2013	\$5.93	Dec2013	\$4.89
Dec2012	\$5.20	Dec2012	\$4.21
Dec2011	\$4.71	Dec2011	\$3.63
Dec2010	\$3.19	Dec2010	\$3.02
Dec2009	\$2.32	Dec2009	\$2.81
Dec2008	\$4.07	Dec2008	\$2.82
Dec2007	\$3.09	Dec2007	\$2.08
Dec2006	\$1.69	Dec2006	\$1.57
Dec2005	\$1.59	Dec2005	\$1.44
Dec2004	\$1.40	Dec2004	\$1.40
Dec2003	\$1.35	Dec2003	\$1.48
Dec2002	\$1.81	Dec2002	\$1.48
Dec2001	\$0.33	Dec2001	\$1.37
Dec2000	\$2.53	Dec2000	\$1.87
Dec1999	\$2.16	<b>Balance Sheet Information 6/1/2016</b>	
Dec1998	-\$0.08	Total Current Assets	\$1,852,400,000
Dec1997	\$2.44	Total Current Liabilities	\$853,100,000
Dec1996	\$2.13	Long-Term Debt	\$715,200,000
		Total Assets	\$4,505,100,000
		Intangible Assets	\$977,400,000
		Total Liabilities	\$1,921,500,000
		Shares Outstanding (Diluted Average)	59,400,000





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**

- [15 Best Stocks For Value Investors This Week – 2/13/16](#)
- [Snap-on Inc Valuation – February 2016 \\$SNA](#)
- [12 Best Stocks For Value Investors This Week – 11/7/15](#)
- [Snap-on Inc. Valuation – November 2015 Update \\$SNA](#)
- [The Best Companies of the Machinery Industry – August 2015](#)

**Other ModernGraham posts about related companies**

- [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](#)
- [Dover Corporation Valuation – July 2016 \\$DOV](#)