

# ModernGraham Valuation

Company Name:

ITT Inc.

Company Ticker ITT

Date of Analysis

1/12/2017



## 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  | \$3,721,158,000 | Pass |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2  | 1.61            | Fail |
| 3. Earnings Stability                      | Positive EPS for 10 years prior  |                 | Fail |
| 4. Dividend Record                         | Dividend Payments for 10 years prior   |                 | Pass |
|  | Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end | -66.15%         | Fail |
| 5. Earnings Growth                         | PEmg < 20  | 14.25           | Pass |
| 6. Moderate PEmg Ratio                     | PB Ratio < 2.5 OR PB*PEmg < 50   | 2.59            | Pass |
| 7. Moderate Price to Assets                |  |                 |      |

*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            | 1.61 | Pass |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1              | 0.00 | 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 |      | Fail |
|  | Score                          |      |      |

### Suitability

|                     |            |
|---------------------|------------|
| <b>Defensive</b>    | <b>No</b>  |
| <b>Enterprising</b> | <b>Yes</b> |

## Stage 2: Determination of Intrinsic Value

|                             |                |
|-----------------------------|----------------|
| EPSmg                       | \$2.95         |
| MG Growth Estimate          | -1.73%         |
| <b>MG Value</b>             | <b>\$14.85</b> |
| MG Value based on 3% Growth | \$42.73        |
| MG Value based on 0% Growth | \$25.05        |
| Market Implied Growth Rate  | 2.88%          |

### MG Opinion

|                      |                   |
|----------------------|-------------------|
| Current Price        | \$41.99           |
| % of Intrinsic Value | 282.67%           |
| <b>Opinion</b>       | <b>Overvalued</b> |
| <b>MG Grade</b>      | <b>C</b>          |

## Stage 3: Information for Further Research

|  |         |
|--|---------|
| Net Current Asset Value (NCAV)                 | -\$8.31 |
| Graham Number                                  | \$28.31 |
| PEmg   | 14.25   |
| Current Ratio                                  | 1.61    |
| PB Ratio                                       | 2.59    |
| Current Dividend                               | \$0.49  |
| Dividend Yield                                 | 1.17%   |
| Number of Consecutive Years of Dividend Growth | 4       |

### Useful Links:

|  |                               |
|--|-------------------------------|
| <a href="#">ModernGraham tagged articles</a> | <a href="#">Morningstar</a>   |
| <a href="#">Google Finance</a>               | <a href="#">MSN Money</a>     |
| <a href="#">Yahoo Finance</a>                | <a href="#">Seeking Alpha</a> |
| <a href="#">GuruFocus</a>                    | <a href="#">SEC Filings</a>   |

| EPS History               |         | EPSmg History                             |                 |
|---------------------------|---------|---|-----------------|
| Next Fiscal Year Estimate | \$2.16  | Next Fiscal Year Estimate                 | \$2.95          |
| Dec2015                   | \$3.88  | Dec2015                                   | \$2.97          |
| Dec2014                   | \$1.99  | Dec2014                                   | \$2.74          |
| Dec2013                   | \$5.29  | Dec2013                                   | \$3.47          |
| Dec2012                   | \$1.33  | Dec2012                                   | \$3.33          |
| Dec2011                   | -\$1.40 | Dec2011                                   | \$4.96          |
| Dec2010                   | \$8.75  | Dec2010                                   | \$8.00          |
| Dec2009                   | \$7.00  | Dec2009                                   | \$7.34          |
| Dec2008                   | \$8.66  | Dec2008                                   | \$7.09          |
| Dec2007                   | \$8.06  | Dec2007                                   | \$6.00          |
| Dec2006                   | \$6.20  | Dec2006                                   | \$4.85          |
| Dec2005                   | \$3.82  | Dec2005                                   | \$4.10          |
| Dec2004                   | \$4.58  | Dec2004                                   | \$4.09          |
| Dec2003                   | \$4.30  | Dec2003                                   | \$3.69          |
| Dec2002                   | \$4.06  | Dec2002                                   | \$4.00          |
| Dec2001                   | \$3.05  | Dec2001                                   | \$4.17          |
| Dec2000                   | \$2.94  | Dec2000                                   | \$4.61          |
| Dec1999                   | \$2.53  | <b>Balance Sheet Information 9/1/2016</b> |                 |
| Dec1998                   | \$13.55 | Total Current Assets                      | \$1,515,800,000 |
| Dec1997                   | \$0.89  | Total Current Liabilities                 | \$938,900,000   |
| Dec1996                   | \$1.85  | Long-Term Debt                            | \$0             |
|                           |         | Total Assets                              | \$3,717,600,000 |
|                           |         | Intangible Assets                         | \$951,200,000   |
|                           |         | Total Liabilities                         | \$2,261,600,000 |
|                           |         | Shares Outstanding (Diluted Average)      | 89,700,000      |





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

#N/A

Other  
ModernGraham  
posts about related  
companies

[E I du Pont de Nemours & Co Valuation – August 2016 \\$DD](#)  
[3M Company Valuation – August 2016 \\$MMM](#)  
[General Electric Co Valuation – July 2016 \\$GE](#)  
[Illinois Tool Works Inc Valuation – July 2016 \\$ITW](#)  
[Raven Industries Inc Valuation – July 2016 \\$RAVN](#)  
[E.I. du Pont de Nemours Valuation – February 2016 \\$DD](#)  
[Honeywell International Inc Valuation – February 2016 \\$HON](#)  
[3M Company Valuation – February 2016 Update \\$MMM](#)  
[Raven Industries Inc Valuation – January 2016 Update \\$RAVN](#)  
[Illinois Tool Works Inc Valuation – January 2016 Update \\$ITW](#)