

ModernGraham Valuation

Company Name:

Xylem Inc

Company Ticker XYL

Date of Analysis

1/8/2017



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	\$8,821,549,392	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.49	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end		
5. Earnings Growth		18300.00%	Pass
6. Moderate PEmg Ratio	PEmg < 20	28.49	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.01	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	2.49	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.92	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

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.74
MG Growth Estimate	5.30%
MG Value	\$33.22
MG Value based on 3% Growth	\$25.23
MG Value based on 0% Growth	\$14.79
Market Implied Growth Rate	10.00%

MG Opinion

Current Price	\$49.58
% of Intrinsic Value	149.26%
Opinion	Overvalued
MG Grade	C-

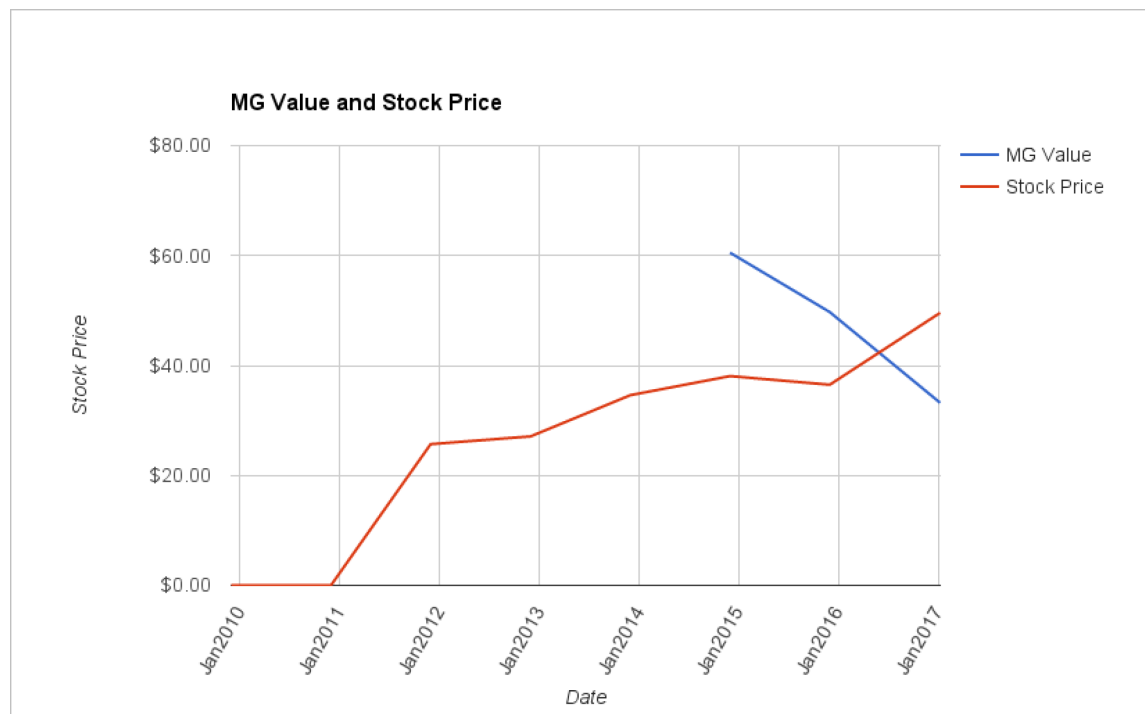
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$2.55
Graham Number	\$22.55
PEmg	28.49
Current Ratio	2.49
PB Ratio	4.01
Current Dividend	\$0.61
Dividend Yield	1.22%
Number of Consecutive Years of Dividend Growth	6

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
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GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
	\$1.82		\$1.74
Dec2015	\$1.87	Dec2015	\$1.67
Dec2014	\$1.83	Dec2014	\$1.57
Dec2013	\$1.22	Dec2013	\$1.37
Dec2012	\$1.59	Dec2012	\$1.29
Dec2011	\$1.50	Dec2011	\$0.97
Dec2010	\$1.78	Dec2010	\$0.59
Dec2009	\$0.00	Dec2009	\$0.00
Dec2008	\$0.00	Dec2008	\$0.00
Dec2007	\$0.00	Dec2007	\$0.00
Dec2006	\$0.00	Dec2006	\$0.00
Dec2005	\$0.00	Dec2005	\$0.00
Dec2004	\$0.00	Dec2004	\$0.00
Dec2003	\$0.00	Dec2003	\$0.00
Dec2002	\$0.00	Dec2002	\$0.00
Dec2001	\$0.00	Dec2001	\$0.00
Dec2000	\$0.00	Dec2000	\$0.00
Dec1999	\$0.00	Balance Sheet Information 9/1/2016	
Dec1998	\$0.00	Total Current Assets	\$2,092,000,000
Dec1997	\$0.00	Total Current Liabilities	\$841,000,000
Dec1996	\$0.00	Long-Term Debt	\$1,148,000,000
		Total Assets	\$4,778,000,000
		Intangible Assets	\$2,065,000,000
		Total Liabilities	\$2,551,000,000
		Shares Outstanding (Diluted Average)	180,300,000





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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