ModernGraham Valuation

Company Name:

Regal Beloit Corp

Company Ticker Date of Analysis вС

2/27/2017



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	\$3,422,268,755	Pass
2	Sufficiently Strong Financial Condition	Current Ratio > 2	2.18	Pass
3	Earnings Stability	Positive EPS for 10 years prior		Pass
4	Dividend Record	Dividend Payments for 10 years prior		Pass
		Increase of 33% in EPS in past 10 years using 3 year averages at		
5	Earnings Growth	beginning and end	20.10%	Fail

6. Moderate PEmg Ratio PEmg < 20 20.87 Fail
7. Moderate Price to Assets PB Ratio < 2.5 OR PB*PEmg < 50 1.68 Pass

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial ConditionCurrent Ratio > 1.52.18 Pass2. Sufficiently Strong Financial ConditionDebt to NCA < 1.1</td>1.58 Fail3. Earnings StabilityPositive EPS for 5 years priorPass4. Dividend RecordCurrently Pays DividendPass5. Earnings GrowthEPSmg greater than 5 years agoPass

Score

Suitability

Defensive No Enterprising Yes

Stage 2: Determination of Intrinsic Value

 EPSmg
 \$3.65

 MG Growth Estimate
 0.35%

 MG Value
 \$33.55

 MG Value based on 3% Growth
 \$52.87

 MG Value based on 0% Growth
 \$30.99

 Market Implied Growth Rate
 6.19%

MG Opinion

Current Price \$76.10 % of Intrinsic Value 226.83%

Opinion Overvalued

MG Grade C

Stage 3: Information for Further Research

Net Current Asset Value (NCAV) -\$17.47 Graham Number \$68.74 PEmg 20.87 Current Ratio 2.18 PB Ratio 1.68 Current Dividend \$0.95 Dividend Yield 1.25% Number of Consecutive Years of Dividend 13

Morningstar

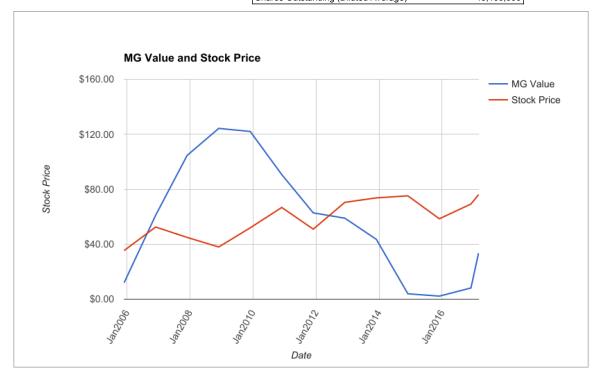
Useful Links: ModernGraham tagged articles

 Google Finance
 MSN Money

 Yahoo Finance
 Seeking Alpha

 GuruFocus
 SEC Filings

EPS History		EPSmg History	
Next Fiscal Year			
Estimate	• •	Next Fiscal Year Estimate	\$3.65
Dec2016	\$4.52	Dec2016	\$3.15
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	Balance Sheet Information	12/1/2016
Dec1999	\$1.80	Total Current Assets	\$1,532,000,000
Dec1998	\$2.02	Total Current Liabilities	\$701,600,000
Dec1997	\$1.83	Long-Term Debt	\$1,310,900,000
		Total Assets	\$4,358,500,000
		Intangible Assets	\$0
		Total Liabilities	\$2,319,700,000
		Shares Outstanding (Diluted Average)	45,100,000





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.

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 Inc Valuation – February 2017 \$SNA

Kennametal Inc Valuation – Initial Coverage \$KMT SPX Corporation Valuation – Initial Coverage \$SPXC

KLX Inc Valuation - Initial Coverage \$KLXI

AGCO Corporation Valuation – February 2017 \$AGCO

PACCAR Inc Valuation – February 2017 \$PCAR

Kaman Corporation Valuation - Initial Coverage \$KAMN

John Bean Technologies Corp Valuation - Initial Coverage \$JBT

W. W. Grainger Inc Valuation – January 2017 \$GWW

Allegion PLC Valuation - January 2017 \$ALLE