ModernGraham Valuation

Company Name: Regal Beloit Corp

Company Ticker	RBC
Date of Analysis	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
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at 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 Condition	Current Ratio > 1.5	2.18	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.58	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		Pass
	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 Growth	13

EPS History		EPSmg History	
Next Fiscal Year Estimate	$4.61	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

MG Value and Stock Price

EPSmg

Price and PEmg

Graham Number and Stock Price

Dividend History

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