ModernGraham Valuation

Company Name: Snap-on Incorporated

Company Ticker: SNA

Date of Analysis: 2/13/2017

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	$10,062,990,138	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.90	Fail
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	181.84%	Pass
6. Moderate PEmg Ratio	PEmg < 20	19.90	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.90	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	1.90	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.79	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
	Score		

Suitability

Defensive	**No**
Enterprising	**Yes**

Stage 2: Determination of Intrinsic Value

EPSmg	$8.65
MG Growth Estimate	11.57%
MG Value	**$273.84**
MG Value based on 3% Growth	$125.48
MG Value based on 0% Growth	$73.56
Market Implied Growth Rate	5.70%

MG Opinion

Current Price	$172.21
% of Intrinsic Value	62.89%
Opinion	**Undervalued**
MG Grade	**B-**

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-$3.74
Graham Number	$99.22
PEmg	19.90
Current Ratio	1.90
PB Ratio	3.90
Current Dividend	$2.54
Dividend Yield	1.47%
Number of Consecutive Years of Dividend Growth	8

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	$9.70	Next Fiscal Year Estimate	$8.65
Dec2016	$9.20	Dec2016	$7.79
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	**Balance Sheet Information**	**12/1/2016**
Dec1999	$2.16	Total Current Assets	$1,884,000,000
Dec1998	-$0.08	Total Current Liabilities	$989,500,000
Dec1997	$2.44	Long-Term Debt	$708,800,000
		Total Assets	$4,723,200,000
		Intangible Assets	$1,080,100,000
		Total Liabilities	$2,106,000,000
		Shares Outstanding (Diluted Average)	59,300,000

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	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	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
	Xylem Inc Valuation – January 2017 $XYL
	Clarcor Inc Valuation – Initial Coverage $CLC