ModernGraham Valuation

Company Name:

Lennox International Inc.



Company Ticker LII
Date of Analysis

3/18/2017

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.

Adequate Size of the Enterprise	Market Cap > \$2Bil	\$7,413,640,195 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.13 Fail
3. Earnings Stability	Positive EPS for 10 years prior	Pass
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	256.78% Pass
6. Moderate PEmg Ratio	PEmg < 20	29.27 Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	201.31 Fail

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

 Sufficiently Strong Financial Condition 	Current Ratio > 1.5	1.13 Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	5.25 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	

Defensive No Enterprising No

Stage 2: Determination of Intrinsic Value

EPSmg	\$5.88
MG Growth Estimate	15.00%
MG Value	\$226.25
MG Value based on 3% Growth	\$85.21
MG Value based on 0% Growth	\$49.95
Market Implied Growth Rate	10.39%

MG Opinion

Suitability

Opinion	Fairly Valued
% of Intrinsic Value	76.03%
Current Price	\$172.03

MG Grade D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$16.29
Graham Number	\$12.35
PEmg	29.27
Current Ratio	1.13
PB Ratio	201.31
Current Dividend	\$1.65
Dividend Yield	0.96%
Number of Consecutive Years of Dividend Growth	8

Morningstar

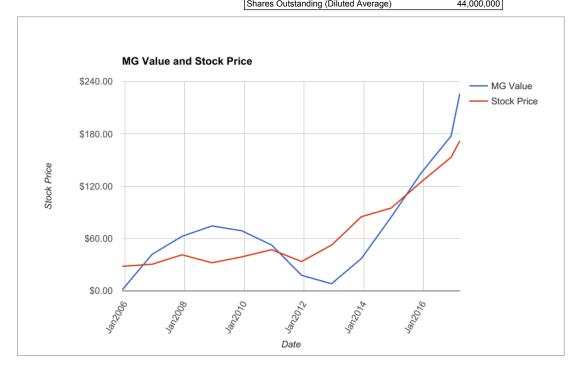
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 Google Finance
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 GuruFocus
 SEC Filings

EPS History		EPSmg History	
Next Fiscal Year	A= ==		
Estimate	•	Next Fiscal Year Estimate	\$5.88
Dec2016	\$6.32	Dec2016	\$4.61
Dec2015	\$4.09	Dec2015	\$3.51
Dec2014	\$4.23	Dec2014	\$3.02
Dec2013	\$3.39	Dec2013	\$2.26
Dec2012	\$1.75	Dec2012	\$1.70
Dec2011	\$1.65	Dec2011	\$1.73
Dec2010	\$2.08	Dec2010	\$1.83
Dec2009	\$0.90	Dec2009	\$1.79
Dec2008	\$2.11	Dec2008	\$1.94
Dec2007	\$2.43	Dec2007	\$1.63
Dec2006	\$2.26	Dec2006	\$1.09
Dec2005	\$2.11	Dec2005	\$0.41
Dec2004	-\$2.24	Dec2004	-\$0.31
Dec2003	\$1.36	Dec2003	\$0.69
Dec2002	\$0.66	Dec2002	\$0.50
Dec2001	-\$0.83	Dec2001	\$0.49
Dec2000	\$0.79	Balance Sheet Information	12/1/2016
Dec1999	\$1.81	Total Current Assets	\$1,005,900,000
Dec1998	\$1.47	Total Current Liabilities	\$888,600,000
Dec1997	\$0.00	Long-Term Debt	\$615,700,000
		Total Assets	\$1,760,300,000
		Intangible Assets	\$202,400,000
		Total Liabilities	\$1,722,700,000
		Shares Outstanding (Diluted Average)	44,000,000





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 Standex Int'l Corp Valuation - Initial Coverage \$SXI

Pentair PLC Valuation - March 2017 \$PNR

<u>Lincoln Electric Holdings Inc Valuation – Initial Coverage \$LECO</u>

Lydall Inc Valuation - Initial Coverage \$LDL

Regal Beloit Corp Valuation – February 2017 \$RBC

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