

# ModernGraham Valuation

Lennox International  
Inc.



## Company Name:

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.*

1. 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
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	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.*

1. 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 Score		Pass

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

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

### MG Opinion

Current Price	\$172.03
% of Intrinsic Value	76.03%
<b>Opinion</b>	<b>Fairly Valued</b>
<b>MG Grade</b>	<b>D</b>

## 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

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$7.75	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	<b>Balance Sheet Information 12/1/2016</b>	
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](#)
- [Lincoln Electric Holdings Inc Valuation – Initial Coverage \\$LECO](#)
- [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](#)