

ModernGraham Valuation



Pentair plc. Ordinary Share

Company Name:

Company Ticker PNR

Date of Analysis

3/15/2017

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	\$10,978,633,200	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.82	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	7.87%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	29.50	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.68	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	1.82	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.56	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago Score		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.11
MG Growth Estimate	15.00%
MG Value	\$81.18
MG Value based on 3% Growth	\$30.58
MG Value based on 0% Growth	\$17.92
Market Implied Growth Rate	10.50%

MG Opinion

Current Price	\$62.21
% of Intrinsic Value	76.63%
Opinion	Fairly Valued
MG Grade	D+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$25.17
Graham Number	\$41.88
PEmg	29.50
Current Ratio	1.82
PB Ratio	2.68
Current Dividend	\$1.34
Dividend Yield	2.15%
Number of Consecutive Years of Dividend Growth	12

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	\$3.33	Next Fiscal Year Estimate	\$2.11
Dec2016	\$2.85	Dec2016	\$1.35
Dec2015	-\$0.42	Dec2015	\$0.56
Dec2014	\$1.11	Dec2014	\$1.01
Dec2013	\$2.62	Dec2013	\$0.96
Dec2012	-\$0.84	Dec2012	\$0.38
Dec2011	-\$0.08	Dec2011	\$1.15
Dec2010	\$1.86	Dec2010	\$1.80
Dec2009	\$1.17	Dec2009	\$1.79
Dec2008	\$2.31	Dec2008	\$2.05
Dec2007	\$2.11	Dec2007	\$1.86
Dec2006	\$1.81	Dec2006	\$1.70
Dec2005	\$1.80	Dec2005	\$1.53
Dec2004	\$1.68	Dec2004	\$1.28
Dec2003	\$1.42	Dec2003	\$1.04
Dec2002	\$1.31	Dec2002	\$0.88
Dec2001	\$0.33	Dec2001	\$0.80
Dec2000	\$0.57	Balance Sheet Information 12/1/2016	
Dec1999	\$1.17	Total Current Assets	\$2,672,000,000
Dec1998	\$1.23	Total Current Liabilities	\$1,471,200,000
Dec1997	\$2.11	Long-Term Debt	\$4,278,400,000
		Total Assets	\$11,534,800,000
		Intangible Assets	\$5,849,200,000
		Total Liabilities	\$7,280,400,000
		Shares Outstanding (Diluted Average)	183,100,000





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

- [Pentair PLC Valuation – November 2015 Update \\$PNR](#)
- [26 Companies in the Spotlight This Week – 11/22/14](#)
- [Pentair Limited Annual Valuation – 2014 \\$PNR](#)

Other ModernGraham posts about related companies

- [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 \\$KLX](#)
- [AGCO Corporation Valuation – February 2017 \\$AGCO](#)
- [PACCAR Inc Valuation – February 2017 \\$PCAR](#)
- [Kaman Corporation Valuation – Initial Coverage \\$KAMN](#)