

ModernGraham Valuation

Stanley Black &
Decker, Inc.



Company Name:

Company Ticker SWK

Date of Analysis

4/10/2017

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	\$20,250,662,611	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.71	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
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	143.40%	Pass
5. Earnings Growth	PEmg < 20	21.83	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	3.09	Fail
7. Moderate Price to Assets			

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	1.71	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.93	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

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$6.08
MG Growth Estimate	10.36%
MG Value	\$177.76
MG Value based on 3% Growth	\$88.23
MG Value based on 0% Growth	\$51.72
Market Implied Growth Rate	6.66%

MG Opinion

Current Price	\$132.82
% of Intrinsic Value	74.72%
Opinion	Undervalued
MG Grade	B+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$30.22
Graham Number	\$81.00
PEmg	21.83
Current Ratio	1.71
PB Ratio	3.09
Current Dividend	\$2.26
Dividend Yield	1.70%
Number of Consecutive Years of Dividend Growth	20

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$7.05	Next Fiscal Year Estimate	\$6.08
Dec2016	\$6.51	Dec2016	\$5.43
Dec2015	\$5.79	Dec2015	\$4.79
Dec2014	\$4.76	Dec2014	\$4.09
Dec2013	\$3.09	Dec2013	\$3.60
Dec2012	\$5.30	Dec2012	\$3.72
Dec2011	\$3.97	Dec2011	\$3.01
Dec2010	\$1.32	Dec2010	\$2.72
Dec2009	\$2.79	Dec2009	\$3.43
Dec2008	\$3.84	Dec2008	\$3.75
Dec2007	\$4.00	Dec2007	\$3.55
Dec2006	\$3.46	Dec2006	\$3.18
Dec2005	\$3.16	Dec2005	\$2.87
Dec2004	\$4.36	Dec2004	\$2.60
Dec2003	\$1.27	Dec2003	\$1.75
Dec2002	\$2.10	Dec2002	\$1.95
Dec2001	\$1.81	Dec2001	\$1.70
Dec2000	\$2.22	Balance Sheet Information 12/1/2016	
Dec1999	\$1.67	Total Current Assets	\$4,788,500,000
Dec1998	\$1.53	Total Current Liabilities	\$2,807,500,000
Dec1997	-\$0.47	Long-Term Debt	\$3,815,300,000
		Total Assets	\$15,634,900,000
		Intangible Assets	\$9,629,200,000
		Total Liabilities	\$9,267,900,000
		Shares Outstanding (Diluted Average)	148,207,000





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.

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