

ModernGraham Valuation

Donaldson Company,
Inc.



Company Name:

Company Ticker DCI

Date of Analysis

7/17/2017

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	\$6,130,870,441	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.66	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	58.57%	Pass
6. Moderate PEmg Ratio	PEmg < 20	29.04	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	7.85	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	1.66	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.69	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 Score		Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.61
MG Growth Estimate	1.18%
MG Value	\$17.47
MG Value based on 3% Growth	\$23.31
MG Value based on 0% Growth	\$13.66
Market Implied Growth Rate	10.27%

MG Opinion

Current Price	\$46.67
% of Intrinsic Value	267.13%
Opinion	Overvalued
MG Grade	C+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$0.01
Graham Number	\$15.12
PEmg	29.04
Current Ratio	1.66
PB Ratio	7.85
Current Dividend	\$0.69
Dividend Yield	1.47%
Number of Consecutive Years of Dividend Growth	20

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.76	Next Fiscal Year Estimate	\$1.61
Jul2016	\$1.42	Jul2016	\$1.56
Jul2015	\$1.49	Jul2015	\$1.62
Jul2014	\$1.76	Jul2014	\$1.63
Jul2013	\$1.64	Jul2013	\$1.49
Jul2012	\$1.73	Jul2012	\$1.35
Jul2011	\$1.43	Jul2011	\$1.13
Jul2010	\$1.05	Jul2010	\$0.96
Jul2009	\$0.84	Jul2009	\$0.89
Jul2008	\$1.06	Jul2008	\$0.88
Jul2007	\$0.92	Jul2007	\$0.75
Jul2006	\$0.78	Jul2006	\$0.65
Jul2005	\$0.64	Jul2005	\$0.57
Jul2004	\$0.59	Jul2004	\$0.51
Jul2003	\$0.53	Jul2003	\$0.46
Jul2002	\$0.48	Jul2002	\$0.41
Jul2001	\$0.42	Jul2001	\$0.36
Jul2000	\$0.38	Balance Sheet Information 4/1/2017	
Jul1999	\$0.33	Total Current Assets	\$1,084,000,000
Jul1998	\$0.29	Total Current Liabilities	\$654,900,000
Jul1997	\$0.25	Long-Term Debt	\$298,100,000
		Total Assets	\$1,880,300,000
		Intangible Assets	\$268,100,000
		Total Liabilities	\$1,082,600,000
		Shares Outstanding (Diluted Average)	134,100,000





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 #N/A

- Other ModernGraham posts about related companies
- [Stanley Black & Decker Inc Valuation – April 2017 \\$SWK](#)
 - [Lindsay Corp Valuation – Initial Coverage \\$LNN](#)
 - [Lennox International Inc Valuation – Initial Coverage \\$LII](#)
 - [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](#)
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