# **ModernGraham Valuation**

## **Company Name:**

Donaldson Company, Inc.



Company Ticker

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.

•	Adequate Size of the Enterprise	Market Cap > \$2Bil	\$6,130,870,441 Pass
2	2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.66 Fail
;	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	
ţ	5. Earnings Growth	beginning and end	58.57% Pass
(	6. Moderate PEmg Ratio	PEmg < 20	29.04 Fail
7	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	Pass
	Score	

Suitability

Defensive No Yes Enterprising

## 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

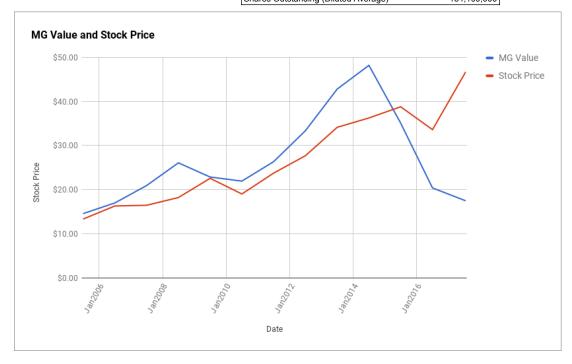
Net Current Asset Value (NCAV)	\$0.01
Graham Number	\$15.12
PEmg	29.04
Current Ratio	1.66
PB Ratio	7.85
Current Dividend	\$0.69
Dividend Yield	1.47%
Number of Consecutive Years of Dividend Growth	20

Morningstar

Useful Links: ModernGraham tagged articles

Google Finance MSN Money Yahoo Finance Seeking Alpha **GuruFocus SEC Filings** 

EPS History		EPSmg History	
Next Fiscal Year		l <u>_</u> <u>_</u>	
Estimate		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	\$0.69
Jul2005	\$0.64	Jul2005	\$0.57
Jul2004	\$0.59	Jul2004	\$0.5
Jul2003	\$0.53	Jul2003	\$0.4
Jul2002	\$0.48	Jul2002	\$0.4
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

<u>Lindsay Corp Valuation – Initial Coverage \$LNN</u>

<u>Lennox International Inc Valuation – Initial Coverage \$LII</u>

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

Pentair PLC Valuation - March 2017 \$PNR

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

<u>Lydall Inc Valuation – Initial Coverage \$LDL</u>

Regal Beloit Corp Valuation – February 2017 \$RBC

Snap-on Inc Valuation - February 2017 \$SNA

Kennametal Inc Valuation - Initial Coverage \$KMT