

ModernGraham Valuation

Company Name:

Emerson Electric Co.

Company Ticker EMR

Date of Analysis

8/21/2017



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	\$37,121,139,990	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.59	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	9.18%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	20.27	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.69	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	1.59	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.19	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		Pass
	Score		

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.86
MG Growth Estimate	0.24%
MG Value	\$25.70
MG Value based on 3% Growth	\$41.49
MG Value based on 0% Growth	\$24.32
Market Implied Growth Rate	5.89%

MG Opinion

Current Price	\$58.00
% of Intrinsic Value	225.65%
Opinion	Overvalued
MG Grade	B

Stage 3: Information for Further Research

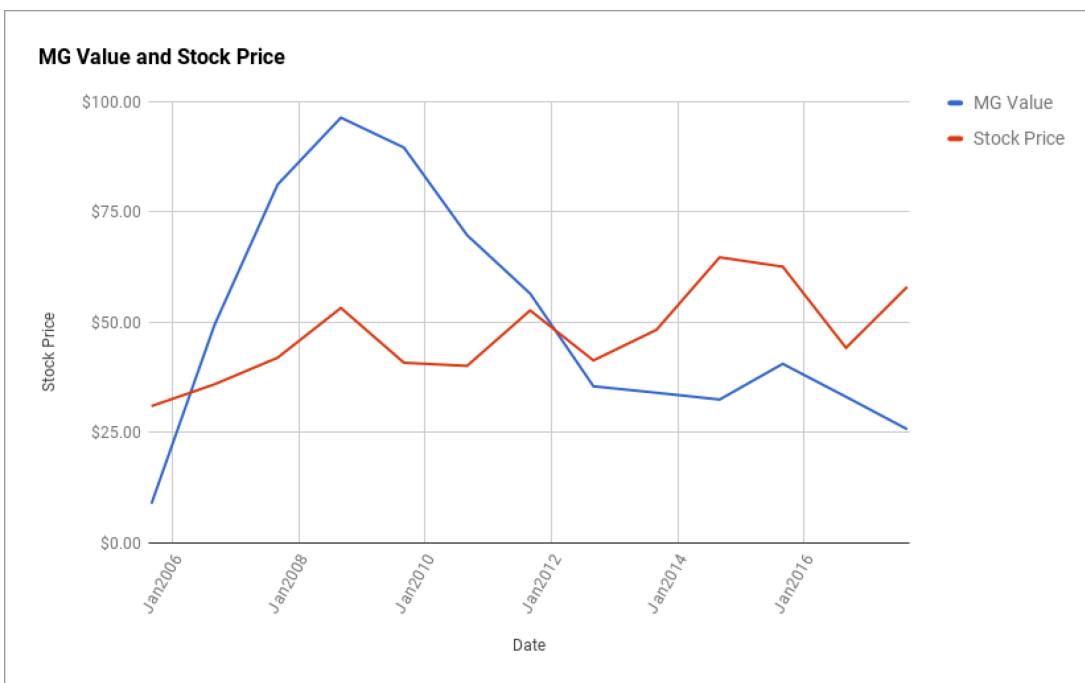
Net Current Asset Value (NCAV)	-\$4.48
Graham Number	\$25.27
PEmg	20.27
Current Ratio	1.59
PB Ratio	4.69
Current Dividend	\$1.90
Dividend Yield	3.28%
Number of Consecutive Years of Dividend Growth	20

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.41	Next Fiscal Year Estimate	\$2.86
Sep2016	\$2.52	Sep2016	\$3.06
Sep2015	\$3.99	Sep2015	\$3.26
Sep2014	\$3.03	Sep2014	\$2.91
Sep2013	\$2.76	Sep2013	\$2.82
Sep2012	\$2.67	Sep2012	\$2.84
Sep2011	\$3.27	Sep2011	\$2.89
Sep2010	\$2.84	Sep2010	\$2.67
Sep2009	\$2.27	Sep2009	\$2.52
Sep2008	\$3.06	Sep2008	\$2.50
Sep2007	\$2.66	Sep2007	\$2.11
Sep2006	\$2.24	Sep2006	\$1.68
Sep2005	\$1.70	Sep2005	\$1.32
Sep2004	\$1.49	Sep2004	\$1.14
Sep2003	\$1.30	Sep2003	\$1.03
Sep2002	\$0.15	Sep2002	\$0.99
Sep2001	\$1.20	Sep2001	\$1.41
Sep2000	\$1.65	Balance Sheet Information	6/1/2017
Sep1999	\$1.50	Total Current Assets	\$8,554,000,000
Sep1998	\$1.39	Total Current Liabilities	\$5,370,000,000
Sep1997	\$1.26	Long-Term Debt	\$3,797,000,000
		Total Assets	\$19,402,000,000
		Intangible Assets	\$7,164,000,000
		Total Liabilities	\$11,436,000,000
		Shares Outstanding (Diluted Average)	643,800,000





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

- [Emerson Electric Co Valuation – February 2016 \\$EMR](#)
- [5 Speculative and Overvalued Companies to Avoid – January 2015](#)
- [15 Companies in the Spotlight This Week – 12/27/14](#)
- [Emerson Electric Company Annual Valuation – 2014 \\$EMR](#)
- [10 Companies in the Spotlight This Week – 12/21/13](#)

Other ModernGraham posts about related companies

- [3D Systems Corp Valuation – Initial Coverage \\$DDD](#)
- [Teradyne Inc Valuation – Initial Coverage \\$TER](#)
- [Diebold Nixdorf Inc Valuation – Initial Coverage \\$DBD](#)
- [Tech Data Corp Valuation – Initial Coverage \\$TECD](#)
- [Teledyne Technologies Inc Valuation – Initial Coverage \\$TDY](#)
- [Skyworks Solutions Inc Valuation – April 2017 \\$SWKS](#)
- [Daktronics Inc Valuation – Initial Coverage \\$DAKT](#)
- [Cypress Semiconductor Corp Valuation – Initial Coverage \\$CY](#)
- [Littelfuse Inc Valuation – Initial Coverage \\$LFUS](#)
- [CTS Corporation Valuation – Initial Coverage \\$CTS](#)