

ModernGraham Valuation

Company Name:

Caterpillar Inc.

Company Ticker CAT

Date of Analysis

2/22/2018



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	\$94,582,538,325	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.35	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	-31.05%	Fail
5. Earnings Growth	PEmg < 20	42.61	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	7.05	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	1.35	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.51	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		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.73
MG Growth Estimate	-4.25%
MG Value	\$0.00
MG Value based on 3% Growth	\$54.10
MG Value based on 0% Growth	\$31.72
Market Implied Growth Rate	17.05%

MG Opinion

Current Price	\$158.98
% of Intrinsic Value	N/A
Opinion	Overvalued
MG Grade	F

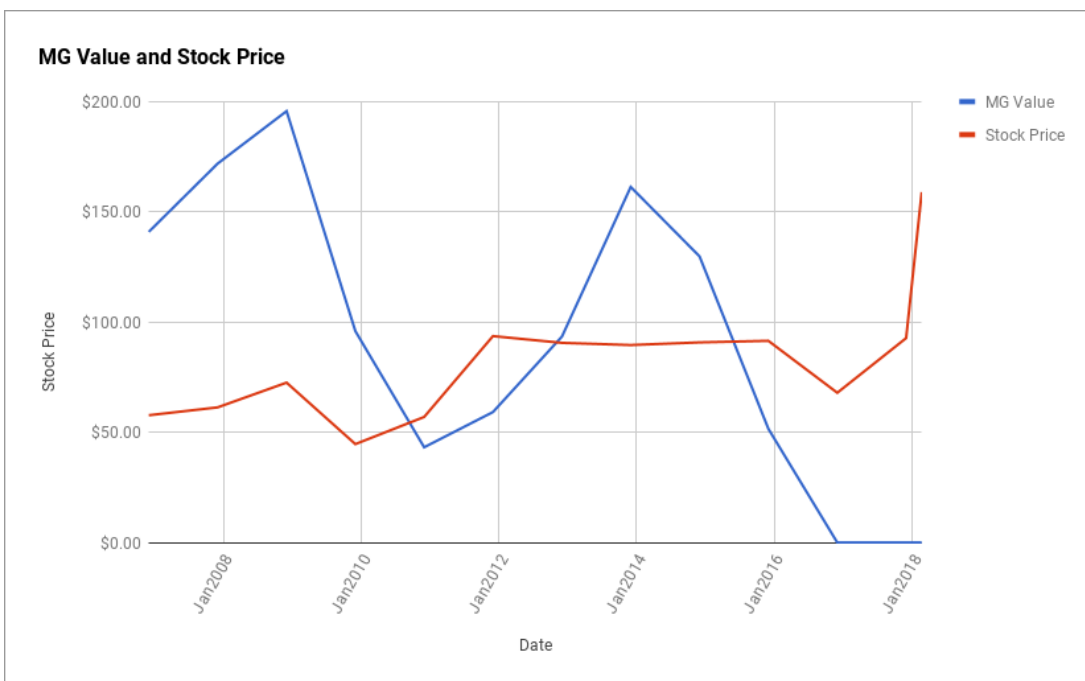
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$44.46
Graham Number	\$63.57
PEmg	42.61
Current Ratio	1.35
PB Ratio	7.05
Current Dividend	\$3.10
Dividend Yield	1.95%
Number of Consecutive Years of Dividend Growth	4

Useful Links:

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Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Dec2017	\$7.80	Dec2017	\$3.73
Dec2016	\$1.26	Dec2016	\$2.13
Dec2015	-\$0.11	Dec2015	\$3.19
Dec2014	\$4.18	Dec2014	\$5.21
Dec2013	\$3.90	Dec2013	\$5.79
Dec2012	\$5.75	Dec2012	\$6.31
Dec2011	\$8.48	Dec2011	\$6.20
Dec2010	\$7.40	Dec2010	\$4.97
Dec2009	\$4.15	Dec2009	\$3.96
Dec2008	\$1.43	Dec2008	\$4.02
Dec2007	\$5.66	Dec2007	\$5.08
Dec2006	\$5.37	Dec2006	\$4.46
Dec2005	\$5.17	Dec2005	\$3.66
Dec2004	\$4.04	Dec2004	\$2.66
Dec2003	\$2.88	Dec2003	\$1.86
Dec2002	\$1.56	Dec2002	\$1.35
Dec2001	\$1.15	Dec2001	\$1.31
Dec2000	\$1.16	Balance Sheet Information	
Dec1999	\$1.51	12/1/2017	
Dec1998	\$1.32	Total Current Assets	\$36,244,000,000
	\$2.06	Total Current Liabilities	\$26,931,000,000
		Long-Term Debt	\$23,410,000,000
		Total Assets	\$76,962,000,000
		Intangible Assets	\$8,311,000,000
		Total Liabilities	\$63,265,000,000
		Shares Outstanding (Diluted Average)	607,700,000





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:

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company

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[5 Undervalued Companies for Defensive Investors With High Dividend Yields – June 2015](#)
[5 Undervalued Dow Stocks to Research – June 2015](#)
[5 Undervalued Dow Components to Research – May 2015](#)
[Caterpillar Inc. Quarterly Valuation – April 2015 \\$CAT](#)

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[Martin Marietta Materials Inc Valuation – August 2016 \\$MLM](#)
[Fluor Corporation Valuation – August 2016 \\$FLR](#)
[Vulcan Materials Co Valuation – July 2016 \\$VMC](#)
[PulteGroup Inc Valuation – July 2016 \\$PHM](#)
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