

ModernGraham Valuation

Company Name:

Ingersoll-Rand PLC

Company Ticker IR

Date of Analysis

2/28/2018



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	\$22,190,172,467	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.27	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	268.85%	Pass
5. Earnings Growth	PEmg < 20	18.82	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	3.15	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	1.27	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.29	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	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.72
MG Growth Estimate	12.19%
MG Value	\$155.15
MG Value based on 3% Growth	\$68.40
MG Value based on 0% Growth	\$40.10
Market Implied Growth Rate	5.16%

MG Opinion

Current Price	\$88.80
% of Intrinsic Value	57.24%
Opinion	Undervalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$19.40
Graham Number	\$56.98
PEmg	18.82
Current Ratio	1.27
PB Ratio	3.15
Current Dividend	\$1.70
Dividend Yield	1.91%
Number of Consecutive Years of Dividend Growth	7

Useful Links:

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Google Finance	MSN Money
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GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Dec2017	\$5.05	Dec2017	\$4.72
Dec2016	\$5.05	Dec2016	\$4.28
Dec2015	\$5.65	Dec2015	\$3.72
Dec2014	\$2.48	Dec2014	\$2.65
Dec2013	\$3.40	Dec2013	\$2.60
Dec2012	\$2.07	Dec2012	\$2.11
Dec2011	\$3.28	Dec2011	\$1.34
Dec2010	\$1.01	Dec2010	\$0.85
Dec2009	\$1.89	Dec2009	\$1.25
Dec2008	\$1.37	Dec2008	\$1.45
Dec2007	-\$8.73	Dec2007	\$1.95
Dec2006	\$13.43	Dec2006	\$6.54
Dec2005	\$3.20	Dec2005	\$2.80
Dec2004	\$3.09	Dec2004	\$2.31
Dec2003	\$3.47	Dec2003	\$1.79
Dec2002	\$1.87	Dec2002	\$1.00
Dec2001	-\$0.52	Dec2001	\$0.72
Dec2000	\$0.74	Balance Sheet Information	
Dec1999	\$2.06	12/1/2017	
Dec1998	\$1.38	Total Current Assets	\$6,119,100,000
	\$1.54	Total Current Liabilities	\$4,828,000,000
		Long-Term Debt	\$2,957,000,000
		Total Assets	\$18,173,300,000
		Intangible Assets	\$9,678,600,000
		Total Liabilities	\$11,033,000,000
		Shares Outstanding (Diluted Average)	253,300,000





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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[Stanley Black & Decker Inc Valuation – April 2017 \\$SWK](#)
[Lindsay Corp Valuation – Initial Coverage \\$LNN](#)
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