

# ModernGraham Valuation

Eaton Corporation,  
PLC Ordinary Shares



## Company Name:

Company Ticker ETN

Date of Analysis

3/30/2018

## 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	\$34,632,054,600	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.64	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	104.87%	Pass
6. Moderate PEmg Ratio	PEmg < 20	15.56	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.05	Pass

*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	1.64	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.20	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

<b>Defensive</b>	<b>Yes</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$5.13
MG Growth Estimate	5.87%
<b>MG Value</b>	<b>\$103.88</b>
MG Value based on 3% Growth	\$74.45
MG Value based on 0% Growth	\$43.64
Market Implied Growth Rate	3.53%

### MG Opinion

Current Price	\$79.91
% of Intrinsic Value	76.93%
<b>Opinion</b>	<b>Fairly Valued</b>
<b>MG Grade</b>	<b>B</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$15.87
Graham Number	\$67.09
PEmg	15.56
Current Ratio	1.64
PB Ratio	2.05
Current Dividend	\$2.40
Dividend Yield	3.00%
Number of Consecutive Years of Dividend Growth	8

### Useful Links:

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[Morningstar](#)  
[MSN Money](#)  
[Seeking Alpha](#)  
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$5.10	Next Fiscal Year Estimate	\$5.13
Dec2017	\$6.68	Dec2017	\$4.95
Dec2016	\$4.20	Dec2016	\$4.03
Dec2015	\$4.22	Dec2015	\$3.91
Dec2014	\$3.76	Dec2014	\$3.69
Dec2013	\$3.90	Dec2013	\$3.45
Dec2012	\$3.46	Dec2012	\$3.12
Dec2011	\$3.93	Dec2011	\$2.92
Dec2010	\$2.73	Dec2010	\$2.51
Dec2009	\$1.14	Dec2009	\$2.50
Dec2008	\$3.26	Dec2008	\$3.08
Dec2007	\$3.31	Dec2007	\$2.82
Dec2006	\$3.11	Dec2006	\$2.38
Dec2005	\$2.62	Dec2005	\$1.85
Dec2004	\$2.07	Dec2004	\$1.41
Dec2003	\$1.28	Dec2003	\$1.15
Dec2002	\$0.98	Dec2002	\$1.16
Dec2001	\$0.60	<b>Balance Sheet Information 12/1/2017</b>	
Dec2000	\$1.56	Total Current Assets	\$8,337,000,000
Dec1999	\$2.09	Total Current Liabilities	\$5,075,000,000
Dec1998	\$1.20	Long-Term Debt	\$7,167,000,000
		Total Assets	\$32,623,000,000
		Intangible Assets	\$18,833,000,000
		Total Liabilities	\$15,370,000,000
		Shares Outstanding (Diluted Average)	443,100,000





**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**

- [30 Companies in the Spotlight This Week – 5/23/15](#)
- [Eaton Corporation Annual Valuation – 2015 \\$ETN](#)
- [40 Companies in the Spotlight This Week – 2/21/15](#)
- [Eaton Corporation PLC Quarterly Valuation – February 2015 \\$ETN](#)
- [30 Companies in the Spotlight This Week – 11/15/14](#)

**Other ModernGraham posts about related companies**

- [Deere & Co Valuation – March 2018 \\$DE](#)
- [A.O. Smith Corp Valuation – March 2018 \\$AOS](#)
- [Parker-Hannifin Corp Valuation – March 2018 \\$PH](#)
- [Dover Corp Valuation – March 2018 \\$DOV](#)
- [Ingersoll-Rand PLC Valuation – February 2018 \\$IR](#)
- [Briggs & Stratton Corp Valuation – Initial Coverage \\$BGG](#)
- [Albany International Corp Valuation – Initial Coverage \\$AIN](#)
- [Terex Corporation Valuation – Initial Coverage \\$TEX](#)
- [Donaldson Co Inc Valuation – Initial Coverage \\$DCI](#)
- [Stanley Black & Decker Inc Valuation – April 2017 \\$SWK](#)