

# ModernGraham Valuation

Company Name:

Allegion PLC

Company Ticker ALLE

Date of Analysis

5/5/2018



## 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	\$7,259,699,628	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.78	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	317.62%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	25.49	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	16.00	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	1.78	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	4.21	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

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$2.99
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$115.01</b>
MG Value based on 3% Growth	\$43.32
MG Value based on 0% Growth	\$25.39
Market Implied Growth Rate	8.50%

### MG Opinion

Current Price	\$76.15
% of Intrinsic Value	66.21%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>B-</b>

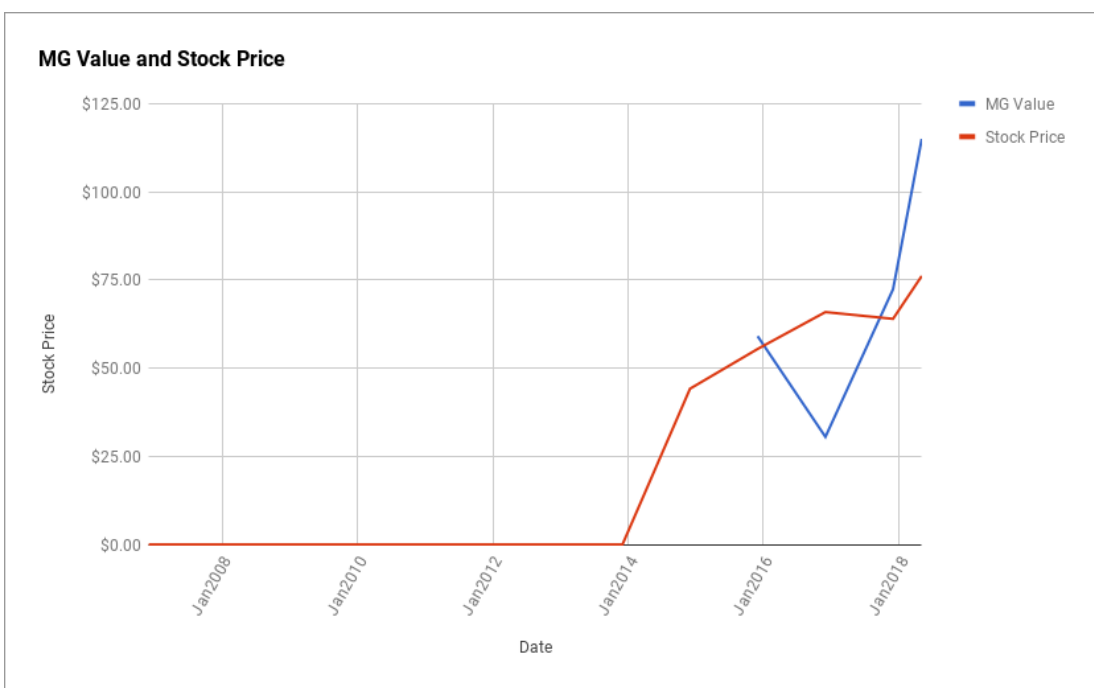
## Stage 3: Information for Further Research

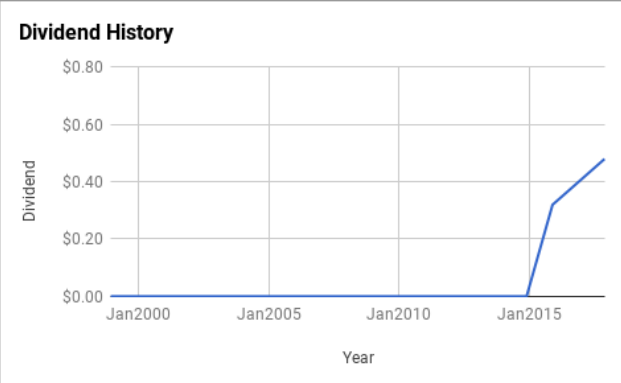
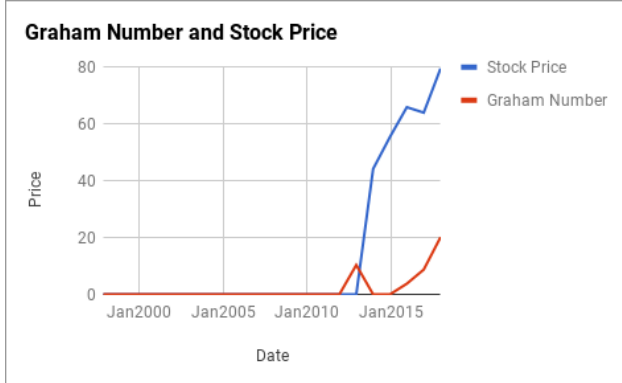
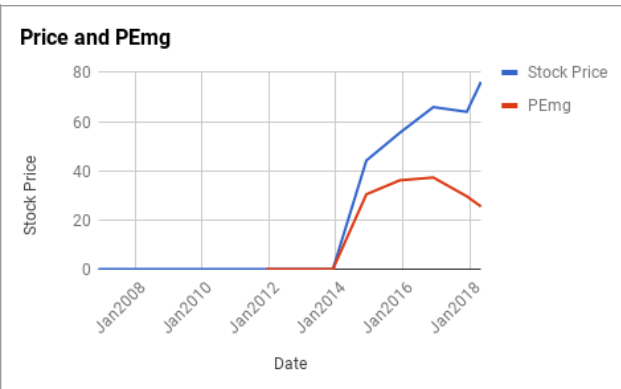
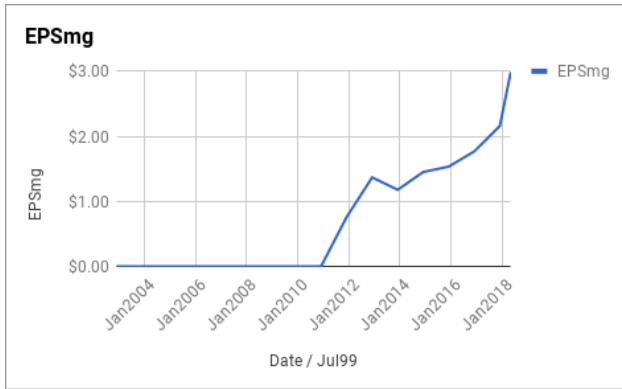
Net Current Asset Value (NCAV)	-\$14.30
Graham Number	\$20.15
PEmg	25.49
Current Ratio	1.78
PB Ratio	16.00
Current Dividend	\$0.64
Dividend Yield	0.84%
Number of Consecutive Years of Dividend Growth	4

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<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.27	Next Fiscal Year Estimate	\$2.99
Dec2017	\$2.85	Dec2017	\$2.16
Dec2016	\$2.36	Dec2016	\$1.77
Dec2015	\$1.59	Dec2015	\$1.53
Dec2014	\$1.80	Dec2014	\$1.45
Dec2013	\$0.34	Dec2013	\$1.18
Dec2012	\$2.29	Dec2012	\$1.37
Dec2011	\$2.27	Dec2011	\$0.76
Dec2010	\$0.00	Dec2010	\$0.00
Dec2009	\$0.00	Dec2009	\$0.00
Dec2008	\$0.00	Dec2008	\$0.00
Dec2007	\$0.00	Dec2007	\$0.00
Dec2006	\$0.00	Dec2006	\$0.00
Dec2005	\$0.00	Dec2005	\$0.00
Dec2004	\$0.00	Dec2004	\$0.00
Dec2003	\$0.00	Dec2003	\$0.00
Dec2002	\$0.00	Dec2002	\$0.00
Dec2001	\$0.00	<b>Balance Sheet Information 3/1/2018</b>	
Dec2000	\$0.00	Total Current Assets	\$802,600,000
Dec1999	\$0.00	Total Current Liabilities	\$452,100,000
Dec1998	\$0.00	Long-Term Debt	\$1,474,100,000
		Total Assets	\$2,628,100,000
		Intangible Assets	\$1,423,800,000
		Total Liabilities	\$2,172,100,000
		Shares Outstanding (Diluted Average)	95,800,000





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

- [Allegion PLC Valuation – January 2017 \\$ALLE](#)
- [Allegion PLC Valuation – August 2016 \\$ALLE](#)
- [26 Best Stocks For Value Investors This Week – 2/6/16](#)
- [Allegion PLC Valuation – February 2016 Update \\$ALLE](#)
- [15 Best Stocks For Value Investors This Week – 9/12/15](#)

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- [Arconic Inc Valuation – April 2018 \\$ARNC](#)
- [Rockwell Automation Inc Valuation – April 2018 \\$ROK](#)
- [Roper Technologies Inc Valuation – April 2018 \\$ROP](#)
- [Eaton Corp PLC Valuation – March 2018 \\$ETN](#)
- [Fastenal Co Valuation – March 2018 \\$FAST](#)
- [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](#)