

ModernGraham Valuation

Company Name:

W W Grainger Inc

Company Ticker GWW

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	\$16,064,048,387	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.20	Pass
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	56.52%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	24.71	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	9.14	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	2.20	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.24	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	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$11.60
MG Growth Estimate	1.80%
MG Value	\$140.40
MG Value based on 3% Growth	\$168.25
MG Value based on 0% Growth	\$98.63
Market Implied Growth Rate	8.11%

MG Opinion

Current Price	\$286.77
% of Intrinsic Value	204.25%
Opinion	Overvalued
MG Grade	B-

Stage 3: Information for Further Research

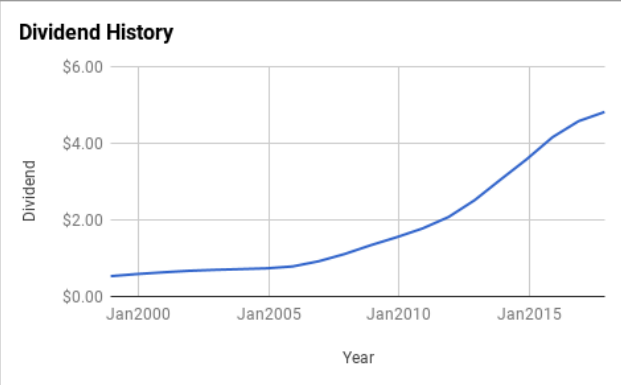
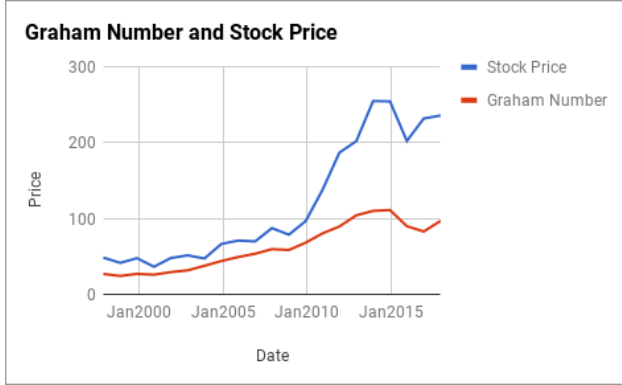
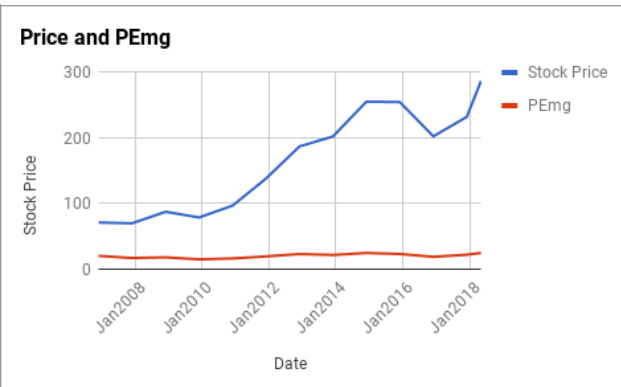
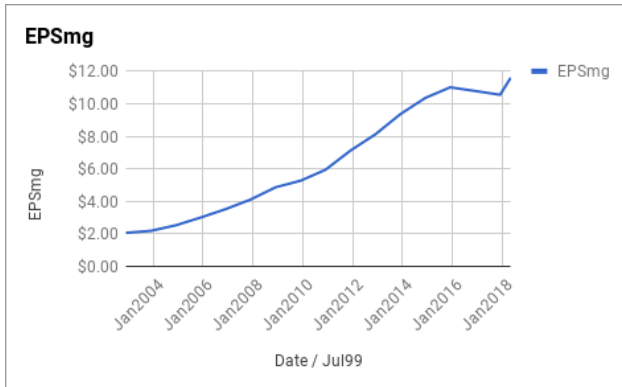
Net Current Asset Value (NCAV)	-\$14.63
Graham Number	\$97.04
PEmg	24.71
Current Ratio	2.20
PB Ratio	9.14
Current Dividend	\$5.06
Dividend Yield	1.76%
Number of Consecutive Years of Dividend Growth	20

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$13.95	Next Fiscal Year Estimate	\$11.60
Dec2017	\$10.02	Dec2017	\$10.56
Dec2016	\$9.87	Dec2016	\$10.79
Dec2015	\$11.58	Dec2015	\$11.01
Dec2014	\$11.45	Dec2014	\$10.36
Dec2013	\$11.13	Dec2013	\$9.36
Dec2012	\$9.52	Dec2012	\$8.13
Dec2011	\$9.07	Dec2011	\$7.12
Dec2010	\$6.93	Dec2010	\$5.94
Dec2009	\$5.62	Dec2009	\$5.27
Dec2008	\$5.97	Dec2008	\$4.87
Dec2007	\$4.94	Dec2007	\$4.11
Dec2006	\$4.24	Dec2006	\$3.52
Dec2005	\$3.78	Dec2005	\$3.01
Dec2004	\$3.13	Dec2004	\$2.53
Dec2003	\$2.46	Dec2003	\$2.19
Dec2002	\$2.24	Dec2002	\$2.07
Dec2001	\$1.84	Balance Sheet Information 3/1/2018	
Dec2000	\$2.05	Total Current Assets	\$3,307,162,000
Dec1999	\$1.92	Total Current Liabilities	\$1,504,332,000
Dec1998	\$2.44	Long-Term Debt	\$2,244,406,000
		Total Assets	\$5,902,811,000
		Intangible Assets	\$549,418,000
		Total Liabilities	\$4,132,213,000
		Shares Outstanding (Diluted Average)	56,403,000





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

- [Best Dividend Paying Stocks for Dividend Growth Investors – August 2017](#)
- [Best Dividend Paying Stocks for Dividend Growth Investors – March 2017](#)
- [15 Best Stocks for Value Investors This Week – 1/14/17](#)
- [W. W. Grainger Inc Valuation – January 2017 \\$GWW](#)
- [Best Dividend Paying Stocks for Dividend Growth Investors – December 2016](#)

Other ModernGraham posts about related companies

- [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](#)