

ModernGraham Valuation

Company Name:

Company Ticker MHK

Date of Analysis

5/15/2018

Mohawk Industries,
Inc.



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	\$15,590,382,514	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.54	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	698.82%	Pass
5. Earnings Growth	PEmg < 20	16.57	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.13	Pass
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	1.54	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.06	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago Score		Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$12.62
MG Growth Estimate	15.00%
MG Value	\$485.69
MG Value based on 3% Growth	\$182.92
MG Value based on 0% Growth	\$107.23
Market Implied Growth Rate	4.03%

MG Opinion

Current Price	\$208.99
% of Intrinsic Value	43.03%
Opinion	Undervalued
MG Grade	B-

Stage 3: Information for Further Research

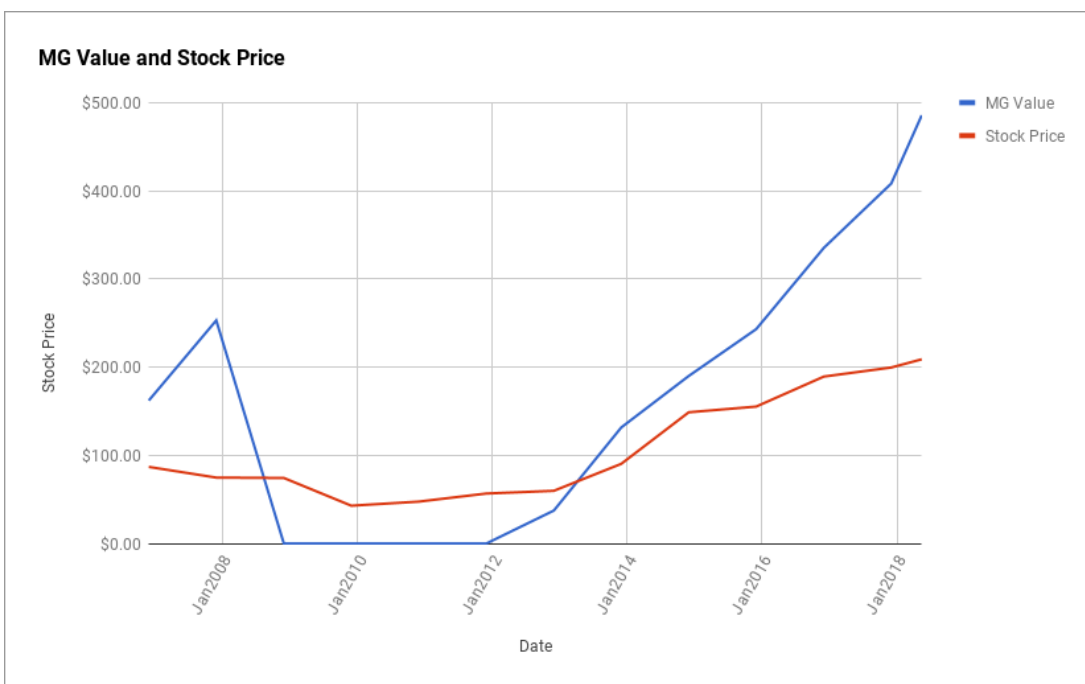
Net Current Asset Value (NCAV)	-\$12.35
Graham Number	\$180.11
PEmg	16.57
Current Ratio	1.54
PB Ratio	2.13
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Dec2017	\$15.20	Dec2017	\$12.62
Dec2016	\$12.98	Dec2016	\$10.60
Dec2015	\$12.48	Dec2015	\$8.71
Dec2014	\$8.31	Dec2014	\$6.32
Dec2013	\$7.25	Dec2013	\$4.94
Dec2012	\$4.82	Dec2012	\$3.42
Dec2011	\$3.61	Dec2012	\$0.97
Dec2010	\$2.52	Dec2011	-\$0.62
Dec2009	\$2.65	Dec2010	-\$1.58
Dec2008	-\$0.08	Dec2009	-\$2.37
Dec2007	-\$21.32	Dec2008	-\$1.89
Dec2006	\$10.32	Dec2007	\$7.41
Dec2005	\$6.70	Dec2006	\$5.77
Dec2004	\$5.72	Dec2005	\$5.12
Dec2003	\$5.49	Dec2004	\$4.61
Dec2002	\$4.62	Dec2003	\$3.99
Dec2001	\$4.39	Dec2002	\$3.48
Dec2000	\$3.55	Balance Sheet Information 3/1/2018	
Dec1999	\$3.00	Total Current Assets	\$4,297,039,000
Dec1998	\$2.61	Total Current Liabilities	\$2,795,910,000
	\$1.89	Long-Term Debt	\$1,585,651,000
		Total Assets	\$12,560,372,000
		Intangible Assets	\$3,412,604,000
		Total Liabilities	\$5,222,429,000
		Shares Outstanding (Diluted Average)	74,929,000





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

- [Mohawk Industries Inc Valuation – February 2017 \\$MHK](#)
- [Mohawk Industries Inc. Analysis – October 2015 Update \\$MHK](#)
- [14 Companies in the Spotlight This Week – 1/25/14](#)
- [Mohawk Industries \(MHK\) Annual Valuation](#)

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