ModernGraham Valuation

Company Name: Xylem Inc

Company Ticker XYL

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	$12,472,821,206	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.42	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	83.84%	Pass
6. Moderate PEmg Ratio	PEmg < 20	33.92	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	5.00	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	1.42	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.68	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

Defensive	**No**
Enterprising	**No**

Stage 2: Determination of Intrinsic Value

EPSmg		$2.07
MG Growth Estimate		4.71%
MG Value		**$37.04**
MG Value based on 3% Growth		$29.96
MG Value based on 0% Growth		$17.56
Market Implied Growth Rate		12.71%

MG Opinion

Current Price		$70.08
% of Intrinsic Value		189.21%
Opinion	**Overvalued**	
MG Grade	**F**	

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-$15.12
Graham Number	$29.34
PEmg	33.92
Current Ratio	1.42
PB Ratio	5.00
Current Dividend	$0.72
Dividend Yield	1.03%
Number of Consecutive Years of Dividend Growth	7

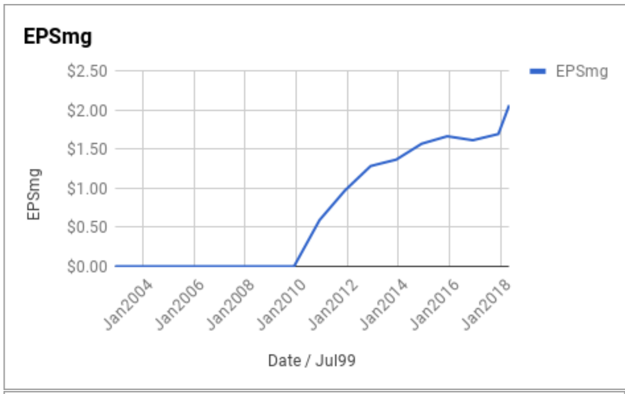
Useful Links:

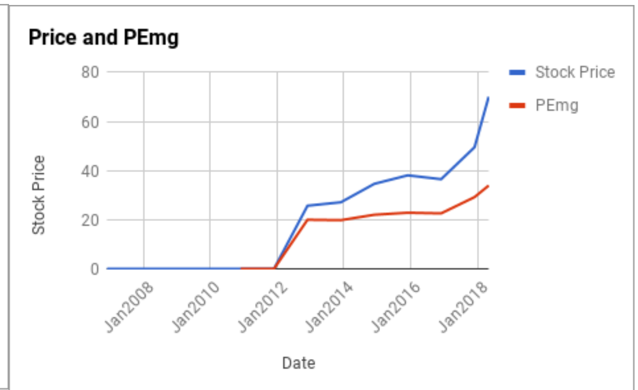
ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

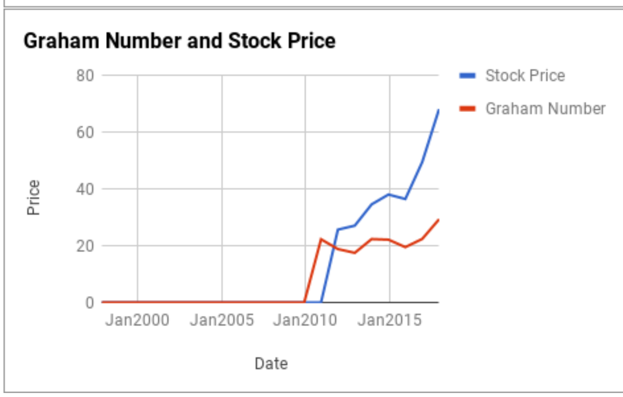
EPS History	
Next Fiscal Year Estimate	$2.75
Dec2017	$1.83
Dec2016	$1.45
Dec2015	$1.87
Dec2014	$1.83
Dec2013	$1.22
Dec2012	$1.59
Dec2011	$1.50
Dec2010	$1.78
Dec2009	$0.00
Dec2008	$0.00
Dec2007	$0.00
Dec2006	$0.00
Dec2005	$0.00
Dec2004	$0.00
Dec2003	$0.00
Dec2002	$0.00
Dec2001	$0.00
Dec2000	$0.00
Dec1999	$0.00
Dec1998	$0.00

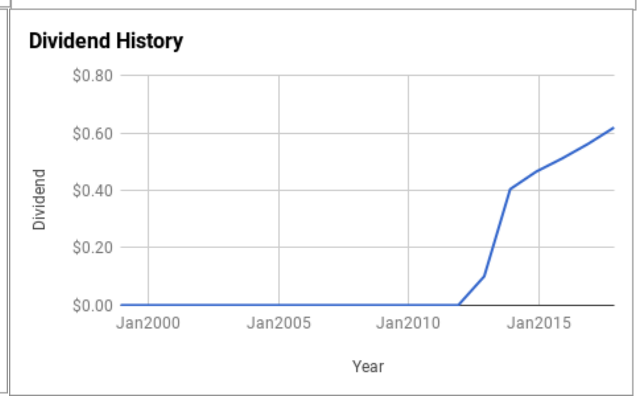
EPSmg History	
Next Fiscal Year Estimate	$2.07
Dec2017	$1.70
Dec2016	$1.62
Dec2015	$1.67
Dec2014	$1.57
Dec2013	$1.37
Dec2012	$1.29
Dec2011	$0.97
Dec2010	$0.59
Dec2009	$0.00
Dec2008	$0.00
Dec2007	$0.00
Dec2006	$0.00
Dec2005	$0.00
Dec2004	$0.00
Dec2003	$0.00
Dec2002	$0.00

Balance Sheet Information	**3/1/2018**
Total Current Assets	$2,066,000,000
Total Current Liabilities	$1,460,000,000
Long-Term Debt	$2,228,000,000
Total Assets	$7,350,000,000
Intangible Assets	$4,385,000,000
Total Liabilities	$4,809,000,000
Shares Outstanding (Diluted Average)	181,400,000









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