

ModernGraham Valuation

Company Name:

Emerson Electric Co.

Company Ticker EMR

Date of Analysis

6/28/2018



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	\$43,470,058,376	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.30	Fail
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	-4.53%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	23.59	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	5.11	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	1.30	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.89	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	\$2.91
MG Growth Estimate	0.01%
MG Value	\$24.80
MG Value based on 3% Growth	\$42.17
MG Value based on 0% Growth	\$24.72
Market Implied Growth Rate	7.54%

MG Opinion

Current Price	\$68.59
% of Intrinsic Value	276.59%
Opinion	Overvalued
MG Grade	C

Stage 3: Information for Further Research

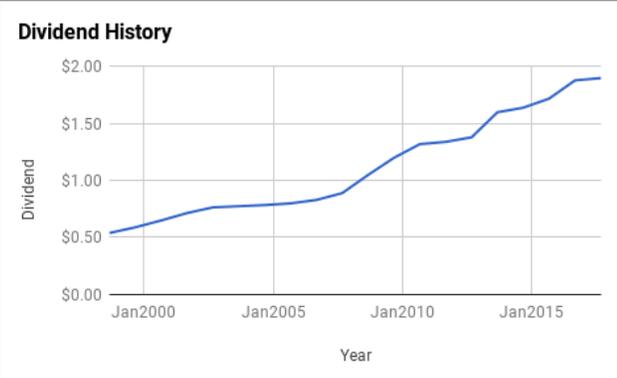
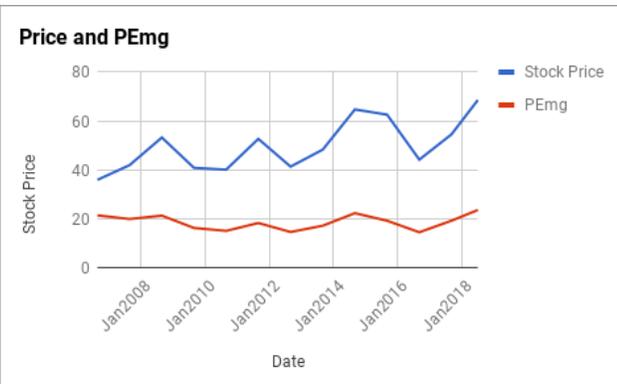
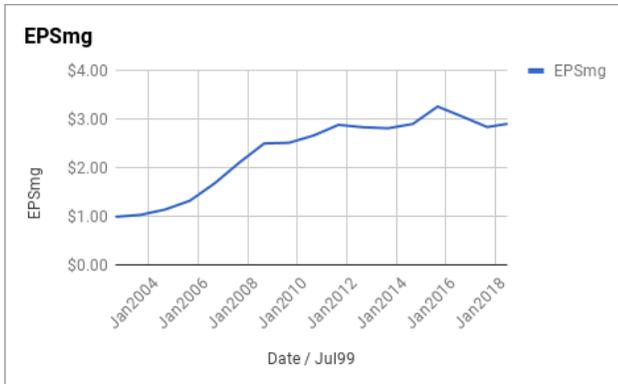
Net Current Asset Value (NCAV)	-\$5.54
Graham Number	\$30.93
PEmg	23.59
Current Ratio	1.30
PB Ratio	5.11
Current Dividend	\$1.92
Dividend Yield	2.80%
Number of Consecutive Years of Dividend Growth	20

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	\$3.13	Next Fiscal Year Estimate	\$2.91
Sep2017	\$2.35	Sep2017	\$2.84
Sep2016	\$2.52	Sep2016	\$3.06
Sep2015	\$3.99	Sep2015	\$3.26
Sep2014	\$3.03	Sep2014	\$2.91
Sep2013	\$2.76	Sep2013	\$2.82
Sep2012	\$2.67	Sep2012	\$2.84
Sep2011	\$3.27	Sep2011	\$2.89
Sep2010	\$2.84	Sep2010	\$2.67
Sep2009	\$2.27	Sep2009	\$2.52
Sep2008	\$3.06	Sep2008	\$2.50
Sep2007	\$2.66	Sep2007	\$2.11
Sep2006	\$2.24	Sep2006	\$1.68
Sep2005	\$1.70	Sep2005	\$1.32
Sep2004	\$1.49	Sep2004	\$1.14
Sep2003	\$1.30	Sep2003	\$1.03
Sep2002	\$0.15	Sep2002	\$0.99
Sep2001	\$1.20	Balance Sheet Information 3/1/2018	
Sep2000	\$1.65	Total Current Assets	\$7,725,000,000
Sep1999	\$1.50	Total Current Liabilities	\$5,945,000,000
Sep1998	\$1.39	Long-Term Debt	\$3,357,000,000
		Total Assets	\$19,785,000,000
		Intangible Assets	\$8,024,000,000
		Total Liabilities	\$11,248,000,000
		Shares Outstanding (Diluted Average)	636,000,000





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**
- [Emerson Electric Co Valuation – August 2017 \\$EMR](#)
 - [Emerson Electric Co Valuation – February 2016 \\$EMR](#)
 - [5 Speculative and Overvalued Companies to Avoid – January 2015](#)
 - [15 Companies in the Spotlight This Week – 12/27/14](#)
 - [Emerson Electric Company Annual Valuation – 2014 \\$EMR](#)

- Other ModernGraham posts about related companies**
- [Garmin Ltd Valuation – June 2018 \\$GRMN](#)
 - [Hewlett Packard Enterprise Co Valuation – June 2018 \\$HPE](#)
 - [Fortive Corp Valuation – June 2018 \\$FTV](#)
 - [Analog Devices Inc Valuation – June 2018 \\$ADI](#)
 - [IPG Photonics Corp Valuation – June 2018 \\$IPGP](#)
 - [Micron Technology Inc Valuation – May 2018 \\$MU](#)
 - [Amphenol Corp Valuation – May 2018 \\$APH](#)
 - [Xilinx Inc Valuation – May 2018 \\$XLNX](#)
 - [Western Digital Corp Valuation – May 2018 \\$WDC](#)
 - [Texas Instruments Inc Valuation – May 2018 \\$TXN](#)