

ModernGraham Valuation

Company Name:

ITT Inc

Company Ticker ITT

Date of Analysis

7/29/2018



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	\$4,896,148,000	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.58	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	-55.40%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	22.96	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.98	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	1.58	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	Pass
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		Fail
	Score		

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.42
MG Growth Estimate	-1.72%
MG Value	\$12.23
MG Value based on 3% Growth	\$35.12
MG Value based on 0% Growth	\$20.59
Market Implied Growth Rate	7.23%

MG Opinion

Current Price	\$55.62
% of Intrinsic Value	454.69%
Opinion	Overvalued
MG Grade	C

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$6.89
Graham Number	\$35.24
PEmg	22.96
Current Ratio	1.58
PB Ratio	2.98
Current Dividend	\$0.51
Dividend Yield	0.92%
Number of Consecutive Years of Dividend Growth	5

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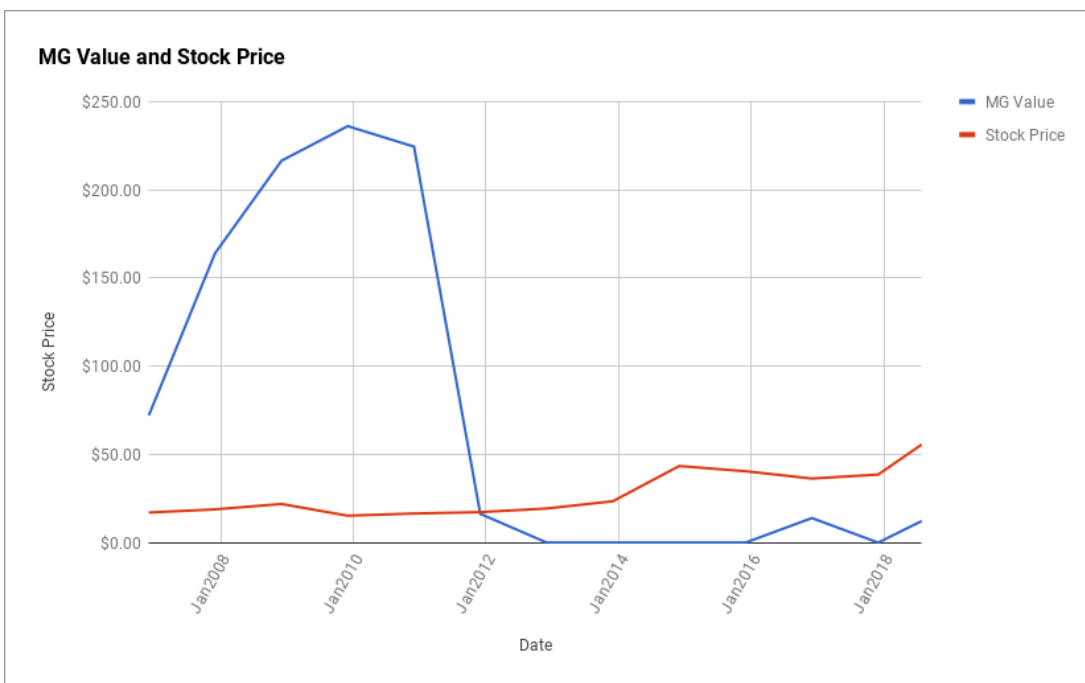
[Morningstar](#)

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.05	Next Fiscal Year Estimate	\$2.42
Dec2017	\$1.28	Dec2017	\$2.37
Dec2016	\$2.07	Dec2016	\$2.92
Dec2015	\$3.88	Dec2015	\$2.97
Dec2014	\$1.99	Dec2014	\$2.74
Dec2013	\$5.29	Dec2013	\$3.47
Dec2012	\$1.33	Dec2012	\$3.33
Dec2011	-\$1.40	Dec2011	\$4.96
Dec2010	\$8.75	Dec2010	\$8.00
Dec2009	\$7.00	Dec2009	\$7.34
Dec2008	\$8.66	Dec2008	\$7.09
Dec2007	\$8.06	Dec2007	\$6.00
Dec2006	\$6.20	Dec2006	\$4.85
Dec2005	\$3.82	Dec2005	\$4.10
Dec2004	\$4.58	Dec2004	\$4.09
Dec2003	\$4.30	Dec2003	\$3.69
Dec2002	\$4.06	Dec2002	\$4.00
Dec2001	\$3.05	Balance Sheet Information 3/1/2018	
Dec2000	\$2.94	Total Current Assets	\$1,598,000,000
Dec1999	\$2.53	Total Current Liabilities	\$1,009,100,000
Dec1998	\$13.55	Long-Term Debt	\$0
		Total Assets	\$3,871,500,000
		Intangible Assets	\$1,086,900,000
		Total Liabilities	\$2,211,000,000
		Shares Outstanding (Diluted Average)	89,000,000





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 [ITT Inc Valuation – Initial Coverage \\$ITT](#)

ModernGraham posts about the company

Other [Illinois Tool Works Inc Valuation – June 2018 \\$ITW](#)
 ModernGraham posts about related companies
[Honeywell International Inc Valuation – June 2018 \\$HON](#)
[General Electric Co Valuation – February 2018 \\$GE](#)
[3M Company Valuation – February 2018 \\$MMM](#)
[Raven Industries Inc Valuation – September 2017 \\$RAVN](#)
[Illinois Tool Works Inc Valuation – August 2017 \\$ITW](#)
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[Carlisle Companies Inc Valuation – Initial Coverage \\$CSL](#)
[ITT Inc Valuation – Initial Coverage \\$ITT](#)
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