

ModernGraham Valuation

Carpenter Technology Corporation



Company Name:

Company Ticker CRS

Date of Analysis

8/22/2018

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	\$2,743,503,184	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.24	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	101.68%	Pass
5. Earnings Growth	PEmg < 20	23.12	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.87	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	3.24	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.67	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 Score		Pass

Suitability

Defensive	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.51
MG Growth Estimate	3.64%
MG Value	\$39.59
MG Value based on 3% Growth	\$36.37
MG Value based on 0% Growth	\$21.32
Market Implied Growth Rate	7.31%

MG Opinion

Current Price	\$57.98
% of Intrinsic Value	146.46%
Opinion	Overvalued
MG Grade	C+

Stage 3: Information for Further Research

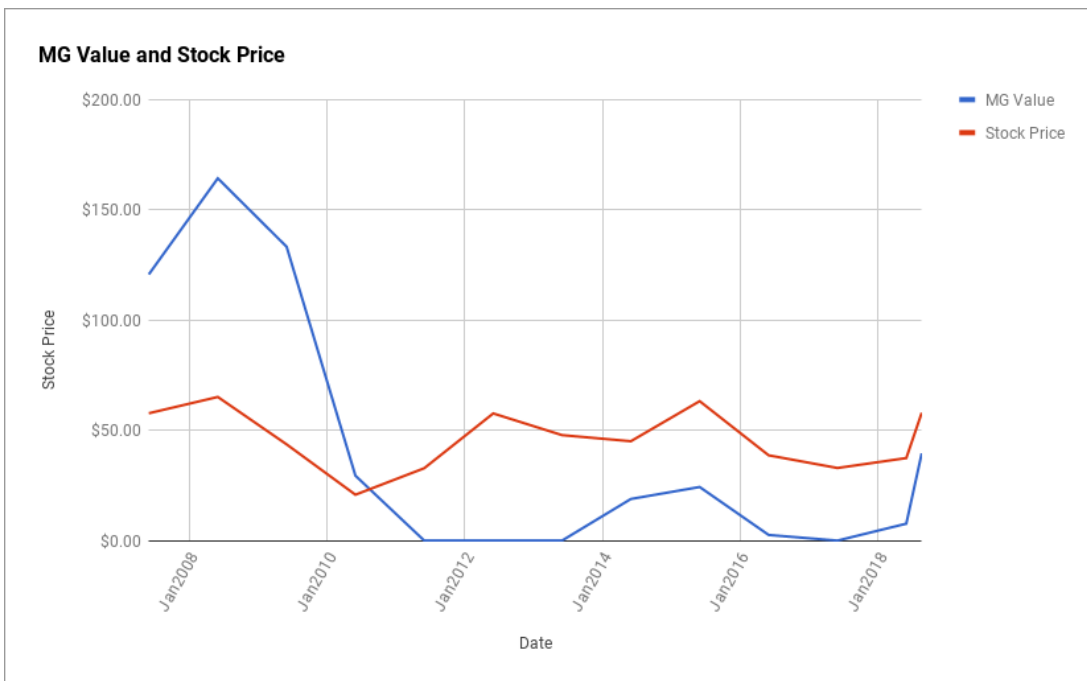
Net Current Asset Value (NCAV)	-\$7.15
Graham Number	\$49.79
PEmg	23.12
Current Ratio	3.24
PB Ratio	1.87
Current Dividend	\$0.72
Dividend Yield	1.24%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.48	Next Fiscal Year Estimate	\$2.51
Jun2018	\$3.92	Jun2018	\$1.93
Jun2017	\$0.99	Jun2017	\$1.12
Jun2016	\$0.23	Jun2016	\$1.40
Jun2015	\$1.11	Jun2015	\$2.02
Jun2014	\$2.47	Jun2014	\$2.27
Jun2013	\$2.73	Jun2013	\$1.98
Jun2012	\$2.53	Jun2012	\$1.80
Jun2011	\$1.59	Jun2011	\$1.80
Jun2010	\$0.04	Jun2010	\$2.29
Jun2009	\$1.08	Jun2009	\$3.46
Jun2008	\$5.70	Jun2008	\$4.27
Jun2007	\$4.32	Jun2007	\$3.14
Jun2006	\$4.04	Jun2006	\$2.00
Jun2005	\$2.69	Jun2005	\$0.71
Jun2004	\$0.75	Jun2004	-\$0.23
Jun2003	-\$0.28	Jun2003	-\$0.52
Jun2002	-\$2.71	Balance Sheet Information 6/1/2018	
Jun2001	\$0.44	Total Current Assets	\$1,178,800,000
Jun2000	\$1.16	Total Current Liabilities	\$363,300,000
Jun1999	\$0.79	Long-Term Debt	\$545,700,000
		Total Assets	\$3,007,000,000
		Intangible Assets	\$332,000,000
		Total Liabilities	\$1,521,100,000
		Shares Outstanding (Diluted Average)	47,900,000





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.

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