

ModernGraham Valuation

Lincoln Electric
Holdings, Inc.



Company Name:

Company Ticker LECO

Date of Analysis

8/30/2018

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	\$6,046,009,933	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.62	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	133.48%	Pass
6. Moderate PEmg Ratio	PEmg < 20	27.39	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	6.58	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	2.62	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.80	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	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.43
MG Growth Estimate	1.82%
MG Value	\$41.62
MG Value based on 3% Growth	\$49.74
MG Value based on 0% Growth	\$29.16
Market Implied Growth Rate	9.44%

MG Opinion

Current Price	\$93.94
% of Intrinsic Value	225.70%
Opinion	Overvalued
MG Grade	B-

Stage 3: Information for Further Research

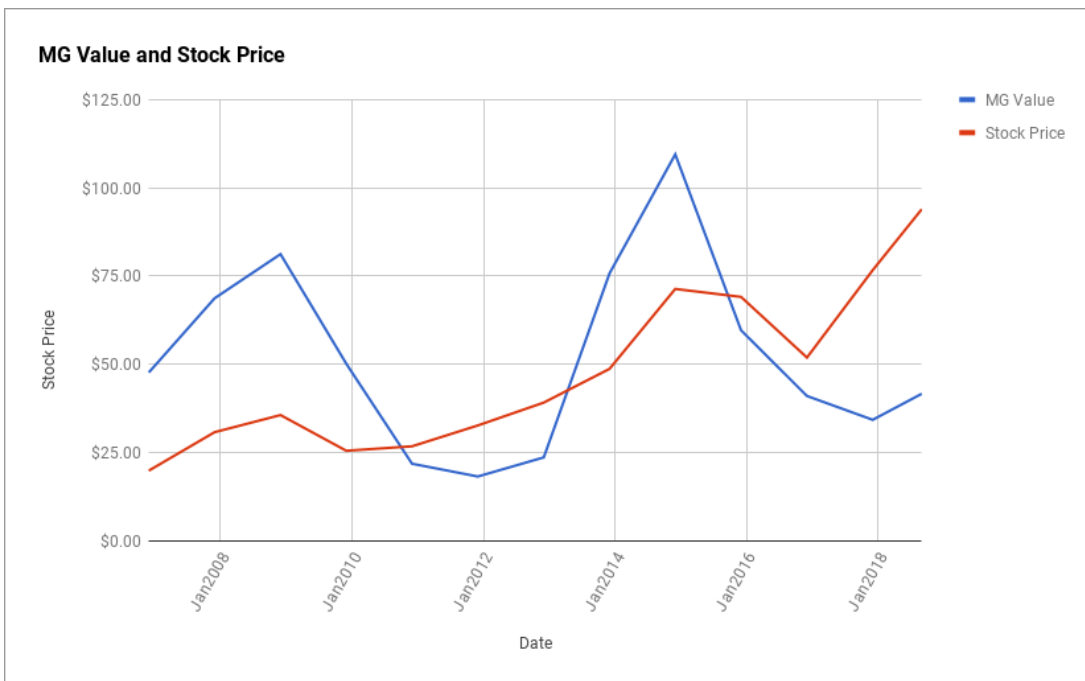
Net Current Asset Value (NCAV)	-\$1.19
Graham Number	\$36.88
PEmg	27.39
Current Ratio	2.62
PB Ratio	6.58
Current Dividend	\$1.44
Dividend Yield	1.53%
Number of Consecutive Years of Dividend Growth	20

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.26	Next Fiscal Year Estimate	\$3.43
Dec2017	\$3.71	Dec2017	\$3.01
Dec2016	\$2.91	Dec2016	\$2.74
Dec2015	\$1.70	Dec2015	\$2.70
Dec2014	\$3.18	Dec2014	\$3.06
Dec2013	\$3.54	Dec2013	\$2.75
Dec2012	\$3.06	Dec2012	\$2.25
Dec2011	\$2.56	Dec2011	\$1.86
Dec2010	\$1.53	Dec2010	\$1.60
Dec2009	\$0.57	Dec2009	\$1.68
Dec2008	\$2.47	Dec2008	\$2.11
Dec2007	\$2.34	Dec2007	\$1.78
Dec2006	\$2.04	Dec2006	\$1.37
Dec2005	\$1.45	Dec2005	\$0.98
Dec2004	\$0.97	Dec2004	\$0.76
Dec2003	\$0.66	Dec2003	\$0.68
Dec2002	\$0.34	Dec2002	\$0.73
Dec2001	\$0.98	Balance Sheet Information 6/1/2018	
Dec2000	\$0.92	Total Current Assets	\$1,411,567,000
Dec1999	\$0.81	Total Current Liabilities	\$539,758,000
Dec1998	\$0.96	Long-Term Debt	\$700,194,000
		Total Assets	\$2,433,731,000
		Intangible Assets	\$233,982,000
		Total Liabilities	\$1,490,223,000
		Shares Outstanding (Diluted Average)	66,121,000





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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