

ModernGraham Valuation

Lennox International
Inc.



Company Name:

Company Ticker LII

Date of Analysis

10/2/2018

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	\$8,770,827,357	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.86	Fail
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	371.49%	Pass
6. Moderate PEmg Ratio	PEmg < 20	32.11	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	-49.69	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	1.86	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.04	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 Score		Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$6.79
MG Growth Estimate	15.00%
MG Value	\$261.24
MG Value based on 3% Growth	\$98.39
MG Value based on 0% Growth	\$57.68
Market Implied Growth Rate	11.81%

MG Opinion

Current Price	\$217.88
% of Intrinsic Value	83.40%
Opinion	Fairly Valued
MG Grade	C

Stage 3: Information for Further Research

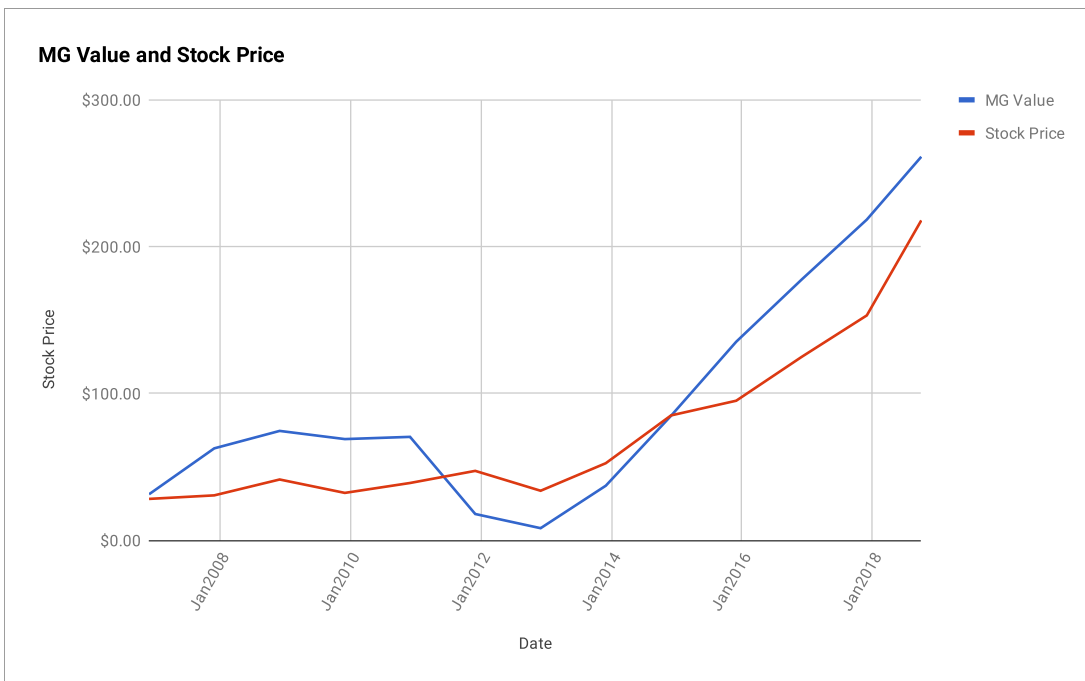
Net Current Asset Value (NCAV)	-\$21.75
Graham Number	\$15.02
PEmg	32.11
Current Ratio	1.86
PB Ratio	-49.69
Current Dividend	\$1.96
Dividend Yield	0.90%
Number of Consecutive Years of Dividend Growth	8

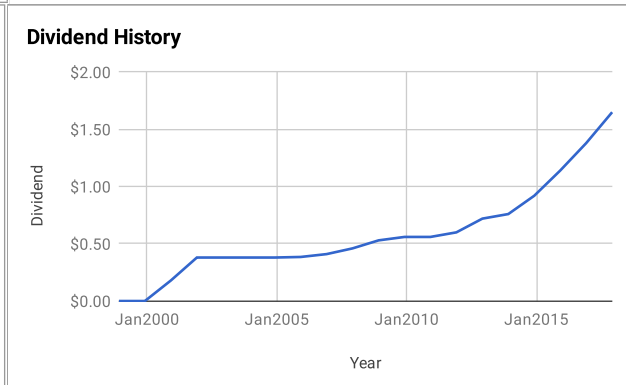
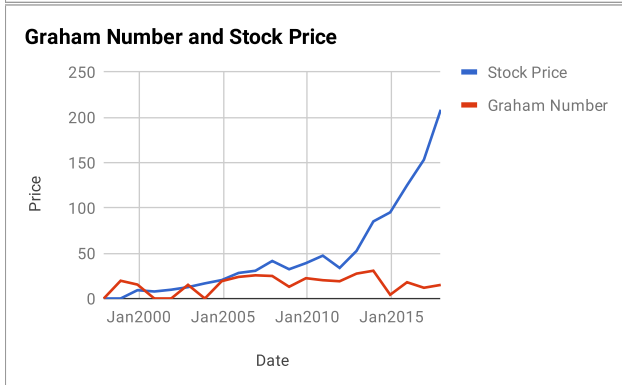
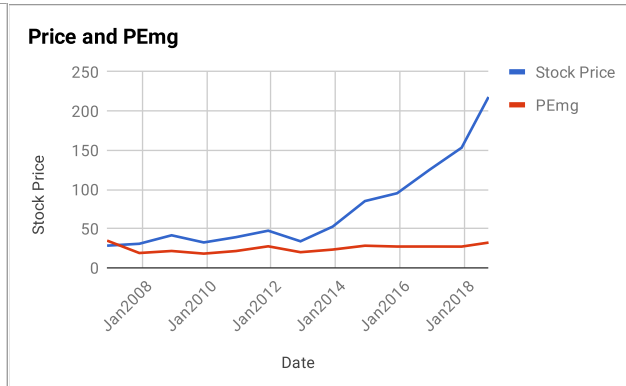
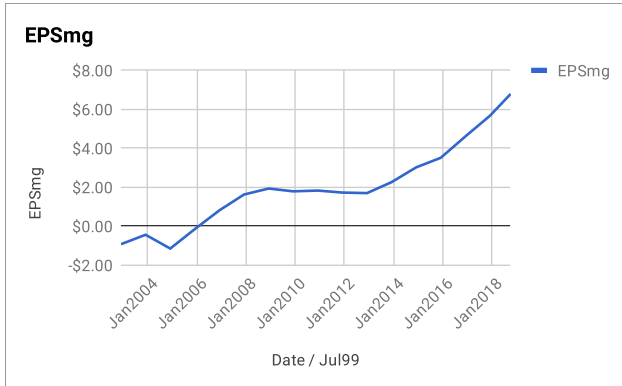
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$8.37	Next Fiscal Year Estimate	\$6.79
Dec2017	\$7.14	Dec2017	\$5.67
Dec2016	\$6.32	Dec2016	\$4.61
Dec2015	\$4.09	Dec2015	\$3.51
Dec2014	\$4.23	Dec2014	\$3.02
Dec2013	\$3.39	Dec2013	\$2.26
Dec2012	\$1.75	Dec2012	\$1.70
Dec2011	\$1.65	Dec2011	\$1.73
Dec2010	\$2.08	Dec2010	\$1.83
Dec2009	\$0.90	Dec2009	\$1.79
Dec2008	\$2.11	Dec2008	\$1.94
Dec2007	\$2.43	Dec2007	\$1.63
Dec2006	\$2.26	Dec2006	\$0.81
Dec2005	\$2.11	Dec2005	-\$0.15
Dec2004	-\$2.24	Dec2004	-\$1.15
Dec2003	\$1.36	Dec2003	-\$0.44
Dec2002	-\$3.52	Dec2002	-\$0.92
Dec2001	-\$0.83	Balance Sheet Information 6/1/2018	
Dec2000	\$0.79	Total Current Assets	\$1,385,800,000
Dec1999	\$1.63	Total Current Liabilities	\$744,100,000
Dec1998	\$1.47	Long-Term Debt	\$1,307,100,000
		Total Assets	\$2,099,400,000
		Intangible Assets	\$186,800,000
		Total Liabilities	\$2,279,600,000
		Shares Outstanding (Diluted Average)	41,100,000





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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