

ModernGraham Valuation

Company Name:

Caterpillar Inc.

Company Ticker CAT

Date of Analysis

11/10/2018



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	\$74,890,444,093	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.48	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	-5.01%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	26.12	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.79	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	1.48	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.05	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Fail
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.86
MG Growth Estimate	-2.42%
MG Value	\$17.78
MG Value based on 3% Growth	\$70.44
MG Value based on 0% Growth	\$41.29
Market Implied Growth Rate	8.81%

MG Opinion

Current Price	\$126.91
% of Intrinsic Value	713.89%
Opinion	Overvalued
MG Grade	D+

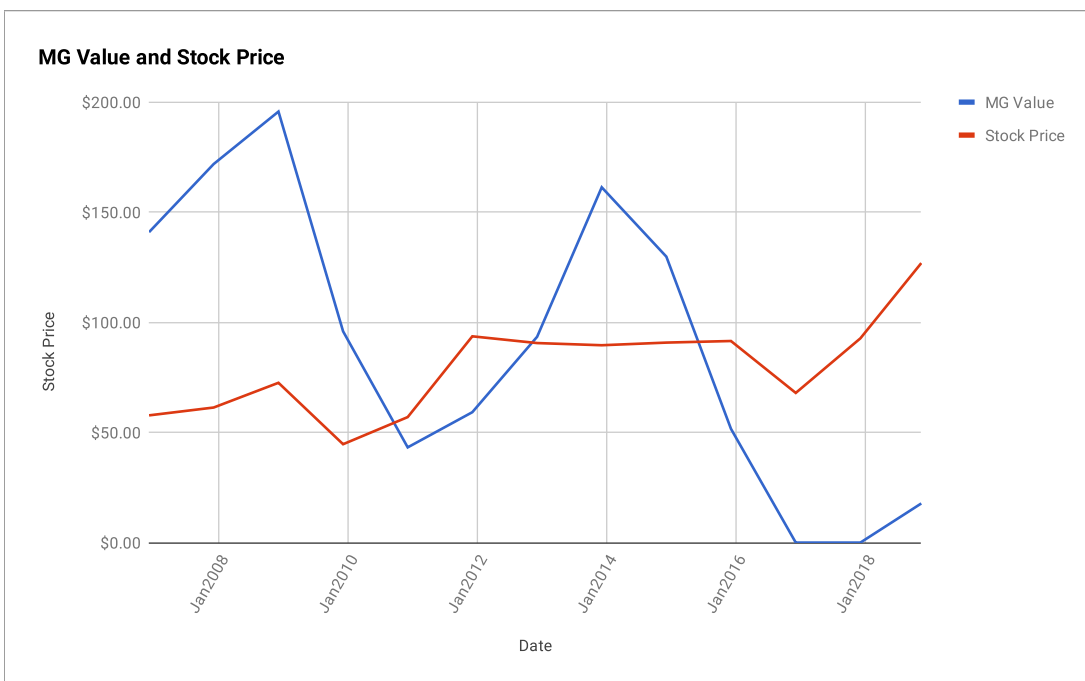
Stage 3: Information for Further Research

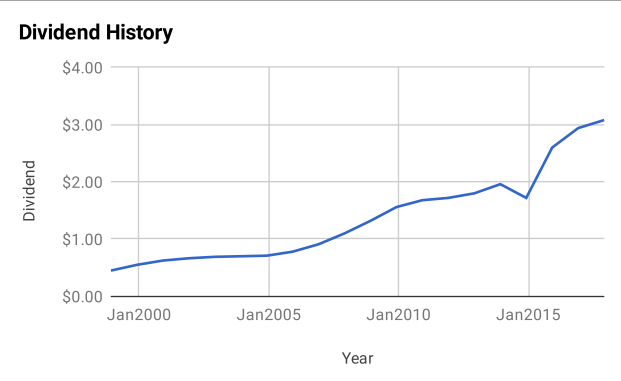
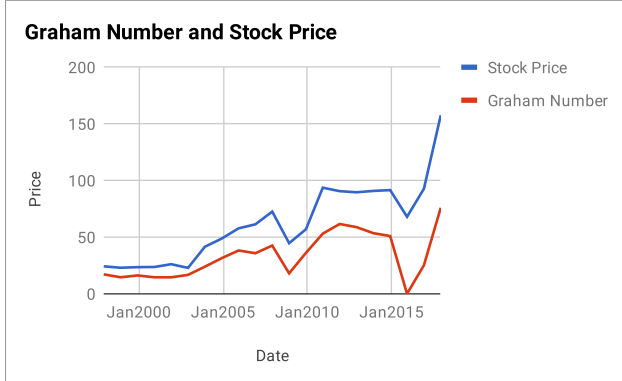
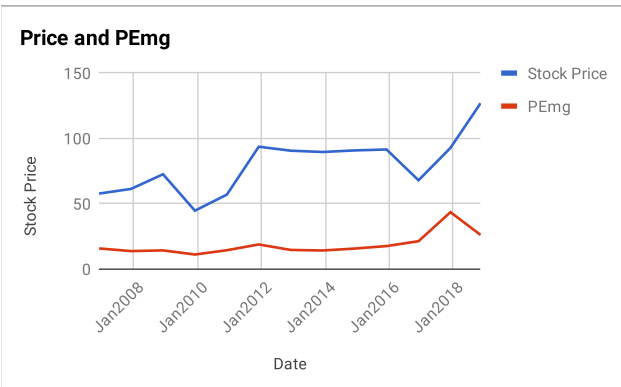
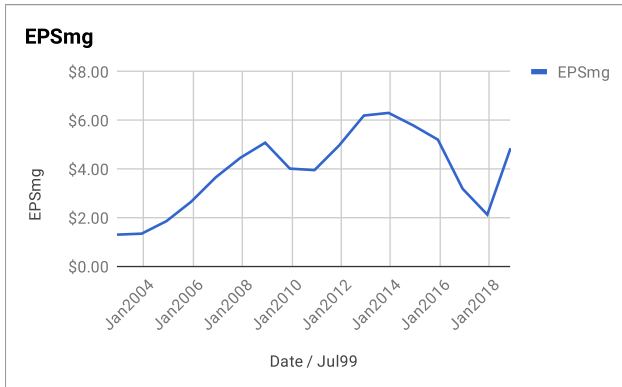
Net Current Asset Value (NCAV)	-\$39.81
Graham Number	\$75.93
PEmg	26.12
Current Ratio	1.48
PB Ratio	4.79
Current Dividend	\$3.10
Dividend Yield	2.44%
Number of Consecutive Years of Dividend Growth	4

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	\$11.18	Next Fiscal Year Estimate	\$4.86
Dec2017	\$1.26	Dec2017	\$2.13
Dec2016	-\$0.11	Dec2016	\$3.19
Dec2015	\$4.18	Dec2015	\$5.21
Dec2014	\$3.90	Dec2014	\$5.79
Dec2013	\$5.75	Dec2013	\$6.31
Dec2012	\$8.48	Dec2012	\$6.20
Dec2011	\$7.40	Dec2011	\$4.97
Dec2010	\$4.15	Dec2010	\$3.96
Dec2009	\$1.43	Dec2009	\$4.02
Dec2008	\$5.66	Dec2008	\$5.08
Dec2007	\$5.37	Dec2007	\$4.46
Dec2006	\$5.17	Dec2006	\$3.66
Dec2005	\$4.04	Dec2005	\$2.66
Dec2004	\$2.88	Dec2004	\$1.86
Dec2003	\$1.56	Dec2003	\$1.35
Dec2002	\$1.15	Dec2002	\$1.31
Dec2001	\$1.16	Balance Sheet Information 9/1/2018	
Dec2000	\$1.51	Total Current Assets	\$38,454,000,000
Dec1999	\$1.32	Total Current Liabilities	\$26,033,000,000
Dec1998	\$2.06	Long-Term Debt	\$25,441,000,000
		Total Assets	\$78,209,000,000
		Intangible Assets	\$8,209,000,000
		Total Liabilities	\$62,319,000,000
		Shares Outstanding (Diluted Average)	599,400,000





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**
 - [5 Overvalued Dow Components – June 2018](#)
 - [5 Overvalued Dow Components – February 2018](#)
 - [Caterpillar Inc Valuation – February 2018 \\$CAT](#)
 - [5 Overvalued Dow Components – February 2017](#)
 - [Caterpillar Inc Valuation – August 2016 \\$CAT](#)

- Other ModernGraham posts about related companies**
 - [Lindsay Corp Valuation – October 2018 \\$LNN](#)
 - [Lennox International Inc Valuation – October 2018 \\$LII](#)
 - [Standex International Corp Valuation – September 2018 \\$SXI](#)
 - [Lincoln Electric Holdings Inc Valuation – August 2018 \\$LECO](#)
 - [Regal Beloit Corp Valuation – August 2018 \\$RBC](#)
 - [Kennametal Inc Valuation – August 2018 \\$KMT](#)
 - [SPX Corp Valuation – August 2018 \\$SPXC](#)
 - [AGCO Corp Valuation – August 2018 \\$AGCO](#)
 - [John Bean Technologies Corp Valuation – August 2018 \\$JBT](#)
 - [Stanley Black & Decker Inc Valuation – June 2018 \\$SWK](#)