

# ModernGraham Valuation

Company Name:

Flowserve Corp

Company Ticker FLS

Date of Analysis

1/1/2019



## 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  | \$4,975,183,199 | Pass |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2  | 2.24            | 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 | -72.74%         | Fail |
| 5. Earnings Growth                         |  |                 |      |
| 6. Moderate PEmg Ratio                     | PEmg < 20  | 36.58           | Fail |
| 7. Moderate Price to Assets                | PB Ratio < 2.5 OR PB*PEmg < 50   | 3.06            | 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                  | 2.24 | Pass |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1                    | 1.12 | 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 |      | Fail |

### Suitability

|                     |           |
|---------------------|-----------|
| <b>Defensive</b>    | <b>No</b> |
| <b>Enterprising</b> | <b>No</b> |

## Stage 2: Determination of Intrinsic Value

|                             |               |
|-----------------------------|---------------|
| EPSmg                       | \$1.04        |
| MG Growth Estimate          | -4.25%        |
| <b>MG Value</b>             | <b>\$0.00</b> |
| MG Value based on 3% Growth | \$15.07       |
| MG Value based on 0% Growth | \$8.83        |
| Market Implied Growth Rate  | 14.04%        |

### MG Opinion

|                      |                   |
|----------------------|-------------------|
| Current Price        | \$38.02           |
| % of Intrinsic Value | N/A               |
| <b>Opinion</b>       | <b>Overvalued</b> |
| <b>MG Grade</b>      | <b>F</b>          |

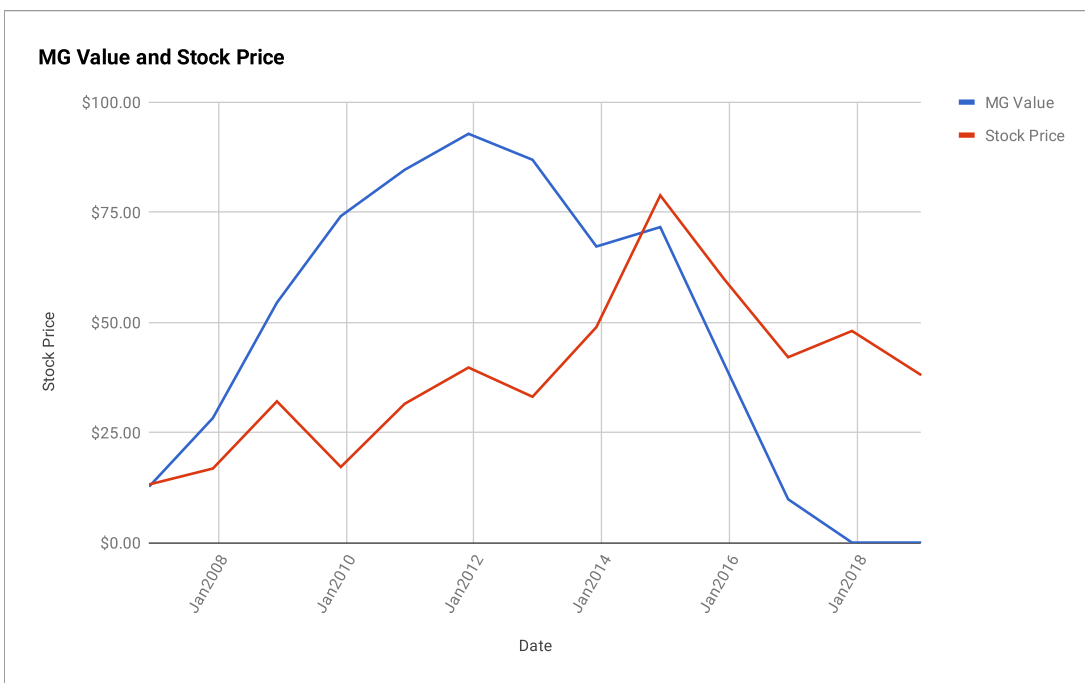
## Stage 3: Information for Further Research

|  |         |
|--|---------|
| Net Current Asset Value (NCAV)                 | -\$4.95 |
| Graham Number                                  | \$16.73 |
| PEmg   | 36.58   |
| Current Ratio                                  | 2.24    |
| PB Ratio                                       | 3.06    |
| Current Dividend                               | \$0.76  |
| Dividend Yield                                 | 2.00%   |
| Number of Consecutive Years of Dividend Growth | 11      |

### Useful Links:

|  |                               |
|--|-------------------------------|
| <a href="#">ModernGraham tagged articles</a> | <a href="#">Morningstar</a>   |
| <a href="#">Google Finance</a>               | <a href="#">MSN Money</a>     |
| <a href="#">Yahoo Finance</a>                | <a href="#">Seeking Alpha</a> |
| <a href="#">GuruFocus</a>                    | <a href="#">SEC Filings</a>   |

| EPS History               |         | EPSmg History                        |                 |
|---------------------------|---------|--------------------------------------|-----------------|
| Next Fiscal Year Estimate |         | Next Fiscal Year Estimate            |                 |
| Dec2017                   | \$0.98  | Dec2017                              | \$1.04          |
| Dec2016                   | \$0.02  | Dec2016                              | \$1.39          |
| Dec2015                   | \$1.01  | Dec2015                              | \$2.24          |
| Dec2014                   | \$1.93  | Dec2014                              | \$2.87          |
| Dec2013                   | \$3.72  | Dec2013                              | \$3.21          |
| Dec2012                   | \$3.41  | Dec2012                              | \$2.88          |
| Dec2011                   | \$2.84  | Dec2011                              | \$2.59          |
| Dec2010                   | \$2.55  | Dec2010                              | \$2.41          |
| Dec2009                   | \$2.29  | Dec2009                              | \$2.20          |
| Dec2008                   | \$2.53  | Dec2008                              | \$1.93          |
| Dec2007                   | \$2.58  | Dec2007                              | \$1.42          |
| Dec2006                   | \$1.49  | Dec2006                              | \$0.73          |
| Dec2005                   | \$0.67  | Dec2005                              | \$0.33          |
| Dec2004                   | \$0.10  | Dec2004                              | \$0.14          |
| Dec2003                   | \$0.16  | Dec2003                              | \$0.15          |
| Dec2002                   | \$0.27  | Dec2002                              | \$0.13          |
| Dec2001                   | \$0.16  | Dec2001                              | \$0.08          |
| Dec2000                   | -\$0.14 | <b>Balance Sheet Information</b>     |                 |
| Dec1999                   | \$0.12  | <b>9/1/2018</b>                      |                 |
| Dec1998                   | \$0.11  | Total Current Assets                 | \$2,324,667,000 |
|                           | \$0.41  | Total Current Liabilities            | \$1,040,080,000 |
|                           |         | Long-Term Debt                       | \$1,436,746,000 |
|                           |         | Total Assets                         | \$4,605,064,000 |
|                           |         | Intangible Assets                    | \$1,399,632,000 |
|                           |         | Total Liabilities                    | \$2,974,337,000 |
|                           |         | Shares Outstanding (Diluted Average) | 131,350,000     |





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

[Flowserve Corp Valuation – February 2018 \\$FLS](#)  
[Flowserve Corporation Valuation – May 2016 \\$FLS](#)  
[11 Best Stocks For Value Investors This Week – 11/21/15](#)  
[Flowserve Corp Valuation – November 2015 Update \\$FLS](#)  
[The Best Companies of the Construction Industry – October 2015](#)

Other  
ModernGraham  
posts about related  
companies

[Home Depot Inc Valuation – November 2018 \\$HD](#)  
[Cavco Industries Inc Valuation – September 2018 \\$CVCO](#)  
[LGI Homes Inc Valuation – September 2018 \\$LGIH](#)  
[Stantec Inc Valuation – August 2018 \\$TSE-STN](#)  
[Simpson Manufacturing Co Inc Valuation – August 2018 \\$SSD](#)  
[KBR Inc Valuation – August 2018 \\$KBR](#)  
[KB Home Valuation – August 2018 \\$KBH](#)  
[SNC-Lavalin Group Inc Valuation – August 2018 \\$TSE:SNC](#)  
[Stella-Jones Inc Valuation – July 2018 \\$TSE-SJ](#)  
[Aecon Group Inc Valuation – July 2018 \\$TSE:ARE](#)