

ModernGraham Valuation

Company Name:

Sherwin-Williams Co

Company Ticker SHW

Date of Analysis

1/26/2019



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	\$36,779,226,028	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.04	Fail
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	269.25%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	27.75	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	9.40	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	1.04	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	44.45	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		Pass
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$14.16
MG Growth Estimate	15.00%
MG Value	\$545.08
MG Value based on 3% Growth	\$205.29
MG Value based on 0% Growth	\$120.34
Market Implied Growth Rate	9.62%

MG Opinion

Current Price	\$392.83
% of Intrinsic Value	72.07%
Opinion	Undervalued
MG Grade	C

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$115.29
Graham Number	\$111.82
PEmg	27.75
Current Ratio	1.04
PB Ratio	9.40
Current Dividend	\$3.40
Dividend Yield	0.87%
Number of Consecutive Years of Dividend Growth	20

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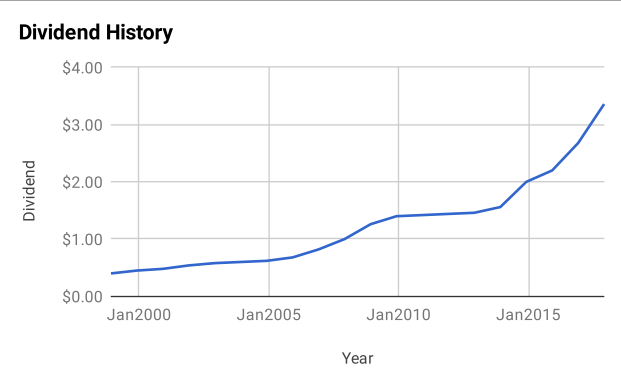
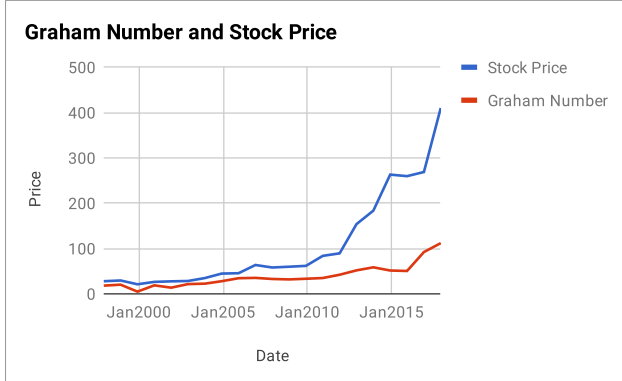
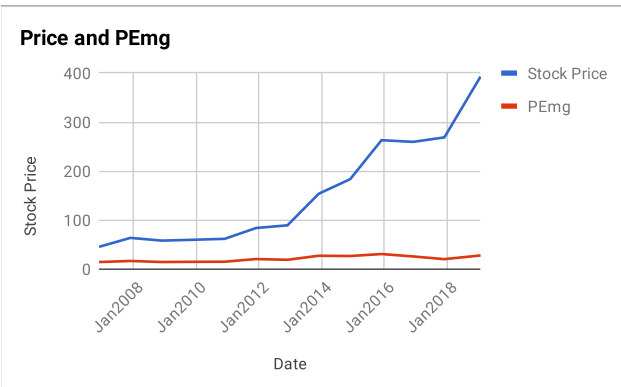
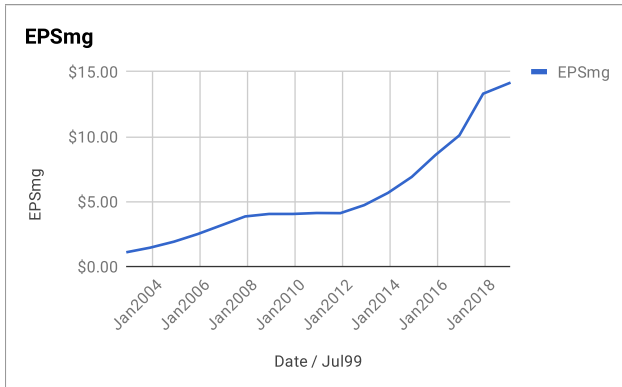
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$14.13	Next Fiscal Year Estimate	\$14.16
Dec2017	\$18.67	Dec2017	\$13.30
Dec2016	\$11.99	Dec2016	\$10.09
Dec2015	\$11.15	Dec2015	\$8.59
Dec2014	\$8.77	Dec2014	\$6.90
Dec2013	\$7.26	Dec2013	\$5.67
Dec2012	\$6.02	Dec2012	\$4.72
Dec2011	\$4.14	Dec2011	\$4.11
Dec2010	\$4.21	Dec2010	\$4.12
Dec2009	\$3.78	Dec2009	\$4.04
Dec2008	\$4.00	Dec2008	\$4.04
Dec2007	\$4.70	Dec2007	\$3.85
Dec2006	\$4.19	Dec2006	\$3.17
Dec2005	\$3.28	Dec2005	\$2.49
Dec2004	\$2.72	Dec2004	\$1.91
Dec2003	\$2.26	Dec2003	\$1.45
Dec2002	\$0.84	Dec2002	\$1.09
Dec2001	\$1.68	Balance Sheet Information 9/1/2018	
Dec2000	\$0.10	Total Current Assets	\$5,038,032,000
Dec1999	\$1.80	Total Current Liabilities	\$4,842,065,000
Dec1998	\$1.57	Long-Term Debt	\$8,710,831,000
		Total Assets	\$19,980,696,000
		Intangible Assets	\$12,253,184,000
		Total Liabilities	\$16,005,857,000
		Shares Outstanding (Diluted Average)	95,135,000





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**
- [Sherwin-Williams Co Valuation – March 2018 \\$SHW](#)
 - [Sherwin-Williams Co Valuation – July 2016 \\$SHW](#)
 - [47 Companies in the Spotlight This Week – 5/16/15](#)
 - [Sherwin Williams Company Annual Valuation – 2015 \\$SHW](#)
 - [16 Companies in the Spotlight This Week – 5/24/14](#)

- Other ModernGraham posts about related companies**
- [Johnson Controls International PC Valuation – January 2019 \\$JCI](#)
 - [Cummins Inc Valuation – January 2019 \\$CMI](#)
 - [Flowserve Corp Valuation – January 2019 \\$FLS](#)
 - [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](#)