

# ModernGraham Valuation

Company Name:

W W Grainger Inc

Company Ticker GWW

Date of Analysis

2/27/2019



## 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	\$17,270,855,290	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.37	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	61.29%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	22.82	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	8.33	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	2.37	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.02	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		Pass
	Score		

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$13.56
MG Growth Estimate	3.46%
<b>MG Value</b>	<b>\$209.15</b>
MG Value based on 3% Growth	\$196.57
MG Value based on 0% Growth	\$115.23
Market Implied Growth Rate	7.16%

### MG Opinion

Current Price	\$309.37
% of Intrinsic Value	147.92%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>B-</b>

## Stage 3: Information for Further Research

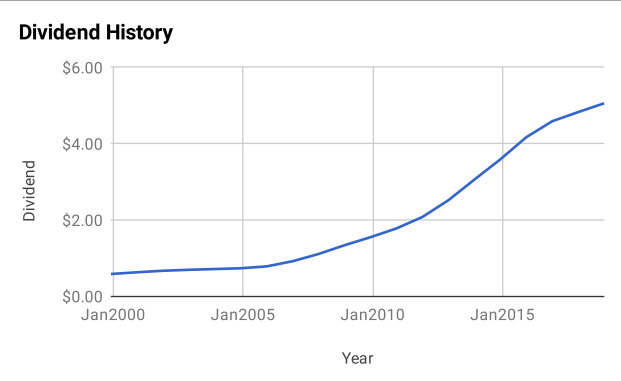
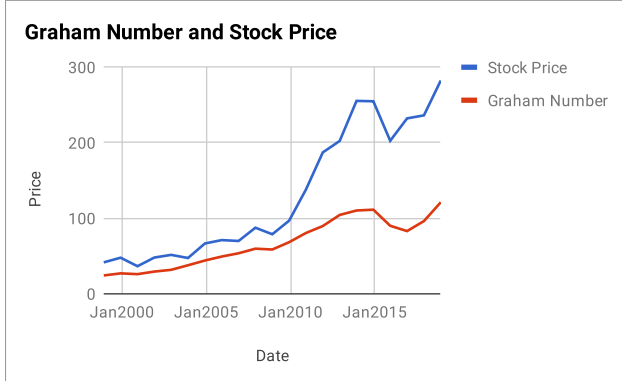
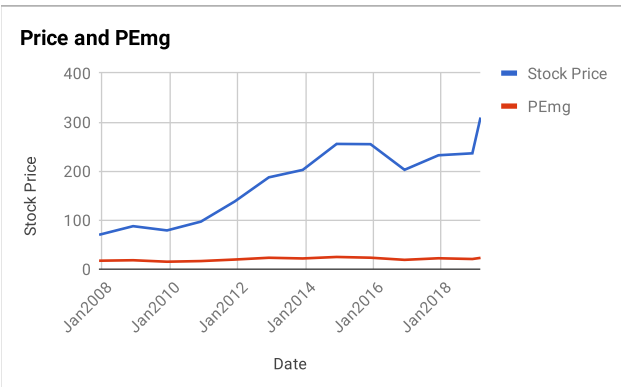
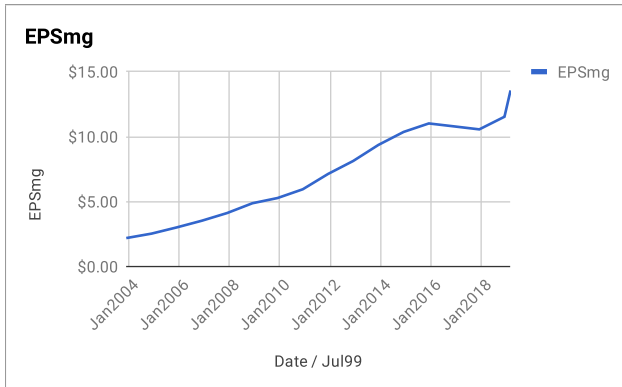
Net Current Asset Value (NCAV)	-\$3.96
Graham Number	\$121.15
PEmg	22.82
Current Ratio	2.37
PB Ratio	8.33
Current Dividend	\$5.36
Dividend Yield	1.73%
Number of Consecutive Years of Dividend Growth	20

### 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	\$17.41	Next Fiscal Year Estimate	\$13.56
Dec2018	\$13.73	Dec2018	\$11.53
Dec2017	\$10.02	Dec2017	\$10.56
Dec2016	\$9.87	Dec2016	\$10.79
Dec2015	\$11.58	Dec2015	\$11.01
Dec2014	\$11.45	Dec2014	\$10.36
Dec2013	\$11.13	Dec2013	\$9.36
Dec2012	\$9.52	Dec2012	\$8.13
Dec2011	\$9.07	Dec2011	\$7.12
Dec2010	\$6.93	Dec2010	\$5.94
Dec2009	\$5.62	Dec2009	\$5.27
Dec2008	\$5.97	Dec2008	\$4.87
Dec2007	\$4.94	Dec2007	\$4.11
Dec2006	\$4.24	Dec2006	\$3.52
Dec2005	\$3.78	Dec2005	\$3.01
Dec2004	\$3.13	Dec2004	\$2.53
Dec2003	\$2.46	Dec2003	\$2.19
Dec2002	\$2.24	<b>Balance Sheet Information 12/1/2018</b>	
Dec2001	\$1.84	Total Current Assets	\$3,557,000,000
Dec2000	\$2.05	Total Current Liabilities	\$1,501,000,000
Dec1999	\$1.92	Long-Term Debt	\$2,090,000,000
		Total Assets	\$5,873,000,000
		Intangible Assets	\$884,000,000
		Total Liabilities	\$3,780,000,000
		Shares Outstanding (Diluted Average)	56,377,000





**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**
- [W.W. Grainger Inc Valuation – May 2018 \\$GWW](#)
  - [Best Dividend Paying Stocks for Dividend Growth Investors – August 2017](#)
  - [Best Dividend Paying Stocks for Dividend Growth Investors – March 2017](#)
  - [15 Best Stocks for Value Investors This Week – 1/14/17](#)
  - [W. W. Grainger Inc Valuation – January 2017 \\$GWW](#)

- Other ModernGraham posts about related companies**
- [Arconic Inc Valuation – February 2019 \\$ARNC](#)
  - [Roper Technologies Inc Valuation – February 2019 \\$ROP](#)
  - [Rockwell Automation Inc Valuation – February 2019 \\$ROK](#)
  - [Eaton Corp PLC Valuation – January 2019 \\$ETN](#)
  - [Fastenal Co Valuation – January 2019 \\$FAST](#)
  - [Deere & Co Valuation – January 2019 \\$DE](#)
  - [A.O. Smith Corp Valuation – January 2019 \\$AOS](#)
  - [Parker-Hannifin Corp Valuation – January 2019 \\$PH](#)
  - [Dover Corp Valuation – January 2019 \\$DOV](#)
  - [Caterpillar Inc Valuation – November 2018 \\$CAT](#)