

ModernGraham Valuation

Mohawk Industries,
Inc.



Company Name:

Company Ticker MHK

Date of Analysis

3/6/2019

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	\$9,606,383,941	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.38	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	294.08%	Pass
5. Earnings Growth	PEmg < 20	11.80	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.32	Pass
7. Moderate Price to Assets			

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	1.38	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.22	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago Score		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$11.26
MG Growth Estimate	11.73%
MG Value	\$359.73
MG Value based on 3% Growth	\$163.21
MG Value based on 0% Growth	\$95.68
Market Implied Growth Rate	1.65%

MG Opinion

Current Price	\$132.85
% of Intrinsic Value	36.93%
Opinion	Undervalued
MG Grade	C+

Stage 3: Information for Further Research

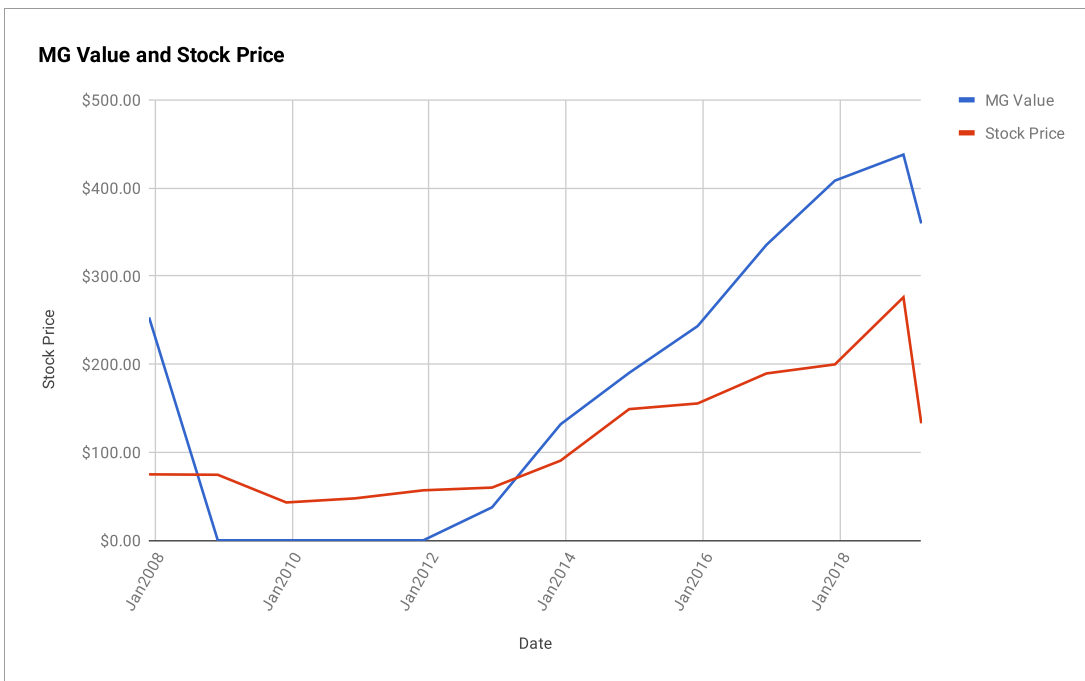
Net Current Asset Value (NCAV)	-\$15.50
Graham Number	\$151.26
PEmg	11.80
Current Ratio	1.38
PB Ratio	1.32
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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[Morningstar](#)
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$10.15	Next Fiscal Year Estimate	\$11.26
Dec2018	\$11.47	Dec2018	\$11.37
Dec2017	\$12.98	Dec2017	\$10.60
Dec2016	\$12.48	Dec2016	\$8.71
Dec2015	\$8.31	Dec2015	\$6.32
Dec2014	\$7.25	Dec2014	\$4.94
Dec2013	\$4.82	Dec2013	\$3.42
Dec2012	\$3.61	Dec2012	\$0.97
Dec2011	\$2.52	Dec2011	-\$0.62
Dec2010	\$2.65	Dec2010	-\$1.58
Dec2009	-\$0.08	Dec2009	-\$2.37
Dec2008	-\$21.32	Dec2008	-\$1.89
Dec2007	\$10.32	Dec2007	\$7.41
Dec2006	\$6.70	Dec2006	\$5.77
Dec2005	\$5.72	Dec2005	\$5.12
Dec2004	\$5.49	Dec2004	\$4.61
Dec2003	\$4.62	Dec2003	\$3.99
Dec2002	\$4.39	Balance Sheet Information 12/1/2018	
Dec2001	\$3.55	Total Current Assets	\$4,509,296,000
Dec2000	\$3.00	Total Current Liabilities	\$3,266,239,000
Dec1999	\$2.61	Long-Term Debt	\$1,515,601,000
		Total Assets	\$13,099,123,000
		Intangible Assets	\$3,482,776,000
		Total Liabilities	\$5,659,064,000
		Shares Outstanding (Diluted Average)	74,161,000





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**
- [10 Undervalued Stocks for the Enterprising Investor – January 2019](#)
 - [Most Undervalued Stocks of the S&P 500 – August 2018](#)
 - [Mohawk Industries Inc Valuation – May 2018 \\$MHK](#)
 - [Mohawk Industries Inc Valuation – February 2017 \\$MHK](#)
 - [Mohawk Industries Inc. Analysis – October 2015 Update \\$MHK](#)

- Other ModernGraham posts about related companies**
- [Jacobs Engineering Group Inc Valuation – March 2019 #JEC](#)
 - [Masco Corp Valuation – February 2019 \\$MAS](#)
 - [D.R. Horton Inc Valuation – February 2019 \\$DHI](#)
 - [Martin Marietta Materials Inc Valuation – February 2019 \\$MLM](#)
 - [Fluor Corp Valuation – February 2019 \\$FLR](#)
 - [Lennar Corp Valuation – February 2019 \\$LEN](#)
 - [Vulcan Materials Co Valuation – February 2019 \\$VMC](#)
 - [PulteGroup Inc Valuation – January 2019 \\$PHM](#)
 - [Sherwin-Williams Co Valuation – January 2019 \\$SHW](#)
 - [Johnson Controls International PC Valuation – January 2019 \\$JCI](#)