

ModernGraham Valuation

Company Name:

Pentair PLC

Company Ticker

PNR

Date of Analysis

3/24/2019



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	\$7,241,842,352	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.27	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	760.64%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	17.36	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.00	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	1.27	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.57	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 Score		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.43
MG Growth Estimate	15.00%
MG Value	\$93.71
MG Value based on 3% Growth	\$35.29
MG Value based on 0% Growth	\$20.69
Market Implied Growth Rate	4.43%

MG Opinion

Current Price	\$42.26
% of Intrinsic Value	45.10%
Opinion	Undervalued
MG Grade	C

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$5.36
Graham Number	\$24.39
PEmg	17.36
Current Ratio	1.27
PB Ratio	4.00
Current Dividend	\$1.05
Dividend Yield	2.48%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
	\$2.50		\$2.43
Dec2018	\$1.96	Dec2018	\$2.21
Dec2017	\$3.63	Dec2017	\$2.21
Dec2016	\$2.85	Dec2016	\$1.35
Dec2015	-\$0.42	Dec2015	\$0.56
Dec2014	\$1.11	Dec2014	\$1.01
Dec2013	\$2.62	Dec2013	\$0.96
Dec2012	-\$0.84	Dec2012	\$0.38
Dec2011	-\$0.08	Dec2011	\$1.15
Dec2010	\$1.86	Dec2010	\$1.80
Dec2009	\$1.17	Dec2009	\$1.79
Dec2008	\$2.31	Dec2008	\$2.05
Dec2007	\$2.11	Dec2007	\$1.86
Dec2006	\$1.81	Dec2006	\$1.70
Dec2005	\$1.80	Dec2005	\$1.53
Dec2004	\$1.68	Dec2004	\$1.28
Dec2003	\$1.42	Dec2003	\$1.04
Dec2002	\$1.31	Balance Sheet Information 12/1/2018	
Dec2001	\$0.33	Total Current Assets	\$1,039,400,000
Dec2000	\$0.57	Total Current Liabilities	\$818,700,000
Dec1999	\$1.17	Long-Term Debt	\$787,600,000
		Total Assets	\$3,806,500,000
		Intangible Assets	\$2,349,000,000
		Total Liabilities	\$1,970,400,000
		Shares Outstanding (Diluted Average)	173,700,000





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.

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