# **ModernGraham Valuation**

### **Company Name:**

Genuine Parts Company



Company Ticker Date of Analysis

1/30/2016

## 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.

5. Earnings Growth

6. Moderate PEmg Ratio

7. Moderate Price to Assets

GPC

<ol> <li>Adequate Size of the Enterprise</li> </ol>	Market Cap > \$2Bil	\$12,566,109,997 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.49 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	

Increase of 33% in EPS in past 10
years using 3 year averages at
beginning and end 56.47% Pass
PEmg < 20 19.52 Pass
PB Ratio < 2.5 OR PB\*PEmg < 50 4.15 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	1.49 Fail
2.	Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.27 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

Suitability

Defensive No Enterprising Yes

#### Stage 2: Determination of Intrinsic Value

EPSmg	\$4.41
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MG Growth Estimate	6.48%
MG Value	\$94.75
MG Value based on 3% Growth	\$63.99
MG Value based on 0% Growth	\$37.51
Market Implied Growth Rate	5.51%

MG Opinion

Current Price \$86.17
% of Intrinsic Value 90.95%
Opinion Fairly Valued

### Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$3.81
Graham Number	\$46.26
PEmg	19.52
Current Ratio	1.49
PB Ratio	4.15
Dividend Yield	2.81%
Number of Consecutive Years of Dividend Growth	20

Morningstar

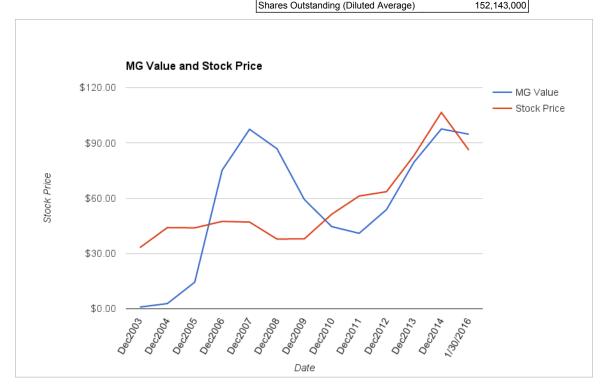
Useful Links: ModernGraham tagged articles

 Google Finance
 MSN Money

 Yahoo Finance
 Seeking Alpha

 GuruFocus
 SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.54	Next Fiscal Year Estimate	\$4.41
Dec2014	\$4.61	Dec2014	\$4.22
Dec2013	\$4.40	Dec2013	\$3.85
Dec2012	\$4.14	Dec2012	\$3.46
Dec2011	\$3.58	Dec2011	\$3.08
Dec2010	\$3.00	Dec2010	\$2.83
Dec2009	\$2.50	Dec2009	\$2.74
Dec2008	\$2.92	Dec2008	\$2.80
Dec2007	\$2.98	Dec2007	\$2.66
Dec2006	\$2.76	Dec2006	\$2.28
Dec2005	\$2.50	Dec2005	\$1.91
Dec2004	\$2.25	Dec2004	\$1.60
Dec2003	\$1.91	Dec2003	\$1.37
Dec2002	-\$0.16	Dec2002	\$1.26
Dec2001	\$1.71	Dec2001	\$1.97
Dec2000	\$2.20	Dec2000	\$2.07
Dec1999	\$2.11	Dec1999	\$1.85
Dec1998	\$1.98	Balance Sheet Information	Sep2015
Dec1997	\$1.90	Total Current Assets	\$5,623,482,000
Dec1996	\$1.81	Total Current Liabilities	\$3,764,068,000
Dec1995	\$0.00	Long-Term Debt	\$500,000,000
		Total Assets	\$8,203,128,000
		Intangible Assets	\$1,328,431,000
		Total Liabilities	\$5,044,342,000
		Shares Outstanding (Diluted Average)	152.143.000





#### 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 Dividend Growth Stocks for the Intelligent Investor – November 2015

Genuine Parts Company Analysis – June 2015 Quarterly Update \$GPC

 $\underline{\textbf{23 Companies in the Spotlight This Week}-3/9/15}$ 

Genuine Parts Company Quarterly Valuation - March 2015 \$GPC

32 Companies in the Spotlight This Week – 12/6/14

Other ModernGraham posts about related companies Ford Motor Company Valuation – January 2016 Update \$F

Harley-Davidson Inc Valuation – January 2016 Update \$HOG

AutoNation Inc Valuation – November 2015 Update \$AN

BorgWarner Inc. Valuation – November 2015 Update \$BWA

The Best Companies of the Auto Industry – October 2015

Harley-Davidson Inc. Analysis – October 2015 Update \$HOG

Harman International Industries Analysis – September 2015 Update \$HAR

Genuine Parts Company Analysis – September 2015 Update \$GPC

Ford Motor Company Analysis – August 2015 Update \$F

Advance Auto Parts Inc. Analysis - Initial Coverage \$AAP