

ModernGraham Valuation

Company Name:

Global Payments Inc

Company Ticker GPN

Date of Analysis

3/6/2017



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 | \$12,578,151,460 | Pass |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2 | 1.17 | Fail |
| 3. Earnings Stability | Positive EPS for 10 years prior | | Pass |
| 4. Dividend Record | Dividend Payments for 10 years prior | | Pass |
| 5. Earnings Growth | Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end | 240.76% | Pass |
| 6. Moderate PEmg Ratio | PEmg < 20 | 34.92 | Fail |
| 7. Moderate Price to Assets | PB Ratio < 2.5 OR PB*PEmg < 50 | 4.65 | 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 | 1.17 | Fail |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1 | 11.82 | 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 | \$2.30 |
| MG Growth Estimate | 15.00% |
| MG Value | \$88.43 |
| MG Value based on 3% Growth | \$33.31 |
| MG Value based on 0% Growth | \$19.52 |
| Market Implied Growth Rate | 13.21% |

MG Opinion

| | |
|----------------------|----------------------|
| Current Price | \$80.21 |
| % of Intrinsic Value | 90.70% |
| Opinion | Fairly Valued |
| MG Grade | D |

Stage 3: Information for Further Research

| | |
|--|----------|
| Net Current Asset Value (NCAV) | -\$31.71 |
| Graham Number | \$36.74 |
| PEmg | 34.92 |
| Current Ratio | 1.17 |
| PB Ratio | 4.65 |
| Current Dividend | \$0.04 |
| Dividend Yield | 0.05% |
| Number of Consecutive Years of Dividend Growth | 0 |

Useful Links:

| | |
|--|-------------------------------|
| ModernGraham tagged articles | Morningstar |
| Google Finance | MSN Money |
| Yahoo Finance | Seeking Alpha |
| GuruFocus | SEC Filings |

| EPS History | | EPSmg History | |
|---------------------------|--------|--|------------------|
| Next Fiscal Year Estimate | \$3.44 | Next Fiscal Year Estimate | \$2.30 |
| May2015 | \$2.06 | May2015 | \$1.66 |
| May2014 | \$1.69 | May2014 | \$1.42 |
| May2013 | \$1.38 | May2013 | \$1.22 |
| May2012 | \$1.19 | May2012 | \$1.09 |
| May2011 | \$1.30 | May2011 | \$1.00 |
| May2010 | \$1.24 | May2010 | \$0.84 |
| May2009 | \$0.23 | May2009 | \$0.66 |
| May2008 | \$1.01 | May2008 | \$0.83 |
| May2007 | \$0.88 | May2007 | \$0.69 |
| May2006 | \$0.77 | May2006 | \$0.55 |
| May2005 | \$0.58 | May2005 | \$0.40 |
| May2004 | \$0.40 | May2004 | \$0.29 |
| May2003 | \$0.35 | May2003 | \$0.20 |
| May2002 | \$0.16 | May2002 | \$0.11 |
| May2001 | \$0.21 | May2001 | \$0.07 |
| May2000 | \$0.00 | May2000 | \$0.00 |
| Dec1999 | \$0.00 | Balance Sheet Information 11/1/2016 | |
| Dec1998 | \$0.00 | Total Current Assets | \$2,574,963,000 |
| Dec1997 | \$0.00 | Total Current Liabilities | \$2,209,855,000 |
| Dec1996 | \$0.00 | Long-Term Debt | \$4,316,391,000 |
| | | Total Assets | \$10,113,114,000 |
| | | Intangible Assets | \$6,939,598,000 |
| | | Total Liabilities | \$7,457,500,000 |
| | | Shares Outstanding (Diluted Average) | 153,991,000 |





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

#N/A

Other
ModernGraham
posts about related
companies

- [Strayer Education Inc Valuation – Initial Coverage \\$STRA](#)
- [Robert Half International Inc Valuation – February 2017 \\$RHI](#)
- [Multi-Color Corporation Valuation – Initial Coverage \\$LABEL](#)
- [Kinaxis Inc Valuation – Initial Coverage \\$TSE:KXS](#)
- [Korn-Ferry International Valuation – Initial Coverage \\$KFY](#)
- [Capella Education Company Valuation – Initial Coverage \\$CPLA](#)
- [Kelly Services Inc Valuation – Initial Coverage \\$KELYA](#)
- [Alliance Data Systems Corp Valuation – February 2017 \\$ADS](#)
- [John Wiley & Sons Inc Valuation – Initial Coverage \\$JW.A](#)
- [Dun & Bradstreet Corp Valuation – January 2017 \\$DNB](#)