

ModernGraham Valuation

Company Name:

Genuine Parts
Company

Company Ticker

GPC

Date of Analysis

9/8/2015



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	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	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	Pass
6. Moderate PEmg Ratio	PEmg < 20	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	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	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	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
Enterprising

No
Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.43
MG Growth Estimate	6.58%
MG Value	\$96.04
MG Value based on 3% Growth	\$64.28
MG Value based on 0% Growth	\$37.68
Market Implied Growth Rate	5.18%

MG Opinion

Current Price	\$83.64
% of Intrinsic Value	87.09%
Opinion	Fairly Valued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$3.88
Graham Number	\$46.85
PEmg	18.87
Current Ratio	1.49
PB Ratio	3.94
Dividend Yield	2.85%
Number of Consecutive Years of Dividend Growth	20

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.60	Next Fiscal Year Estimate	\$4.43
Dec14	\$4.61	Dec14	\$4.22
Dec13	\$4.40	Dec13	\$3.85
Dec12	\$4.14	Dec12	\$3.46
Dec11	\$3.58	Dec11	\$3.08
Dec10	\$3.00	Dec10	\$2.83
Dec09	\$2.50	Dec09	\$2.74
Dec08	\$2.92	Dec08	\$2.80
Dec07	\$2.98	Dec07	\$2.66
Dec06	\$2.76	Dec06	\$2.28
Dec05	\$2.50	Dec05	\$1.91
Dec04	\$2.25	Dec04	\$1.60
Dec03	\$1.91	Dec03	\$1.37
Dec02	-\$0.16	Dec02	\$1.26
Dec01	\$1.71	Dec01	\$1.97
Dec00	\$2.20	Dec00	\$2.07
Dec99	\$2.11	Dec99	\$1.97
Dec98	\$1.98	Balance Sheet Information Jun15	
Dec97	\$1.90	Total Current Assets	\$5,763,520,000
Dec96	\$1.82	Total Current Liabilities	\$3,867,622,000
Dec95	\$1.68	Long-Term Debt	\$500,000,000
		Total Assets	\$8,413,633,000
		Intangible Assets	\$1,382,766,000
		Total Liabilities	\$5,169,818,000
		Shares Outstanding (Diluted Average)	152,989,000



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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[23 Companies in the Spotlight This Week – 3/9/15](#)
[Genuine Parts Company Quarterly Valuation – March 2015 \\$GPC](#)
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[BorgWarner Inc. Analysis – July 2015 Update \\$BWA](#)
[Paccar Inc. Analysis – July 2015 Update \\$PCAR](#)
[Harley Davidson Analysis – June 2015 Update \\$HOG](#)
[Delphi Automotive Analysis – 2015 Update \\$DLPH](#)
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