# **ModernGraham Valuation**

### **Company Name:**

HCP, Inc.

Company Ticker HCP

Date of Analysis 10/13/2015



## 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.

Adequate Size of the Enterprise	Market Cap > \$2Bil	\$17,934,881,629 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.03 Pass
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 years using 3 year averages at	
5. Earnings Growth	beginning and end	-25.14% Fail
6. Moderate PEmg Ratio	PEmg < 20	22.75 Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.76 Pass

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	2.03 Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	20.45 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

Suitability

Defensive No Enterprising Yes

#### Stage 2: Determination of Intrinsic Value

EPSmg	\$1.71
MG Growth Estimate	6.43%
MG Value	\$36.50
MG Value based on 3% Growth	\$24.78
MG Value based on 0% Growth	\$14.52
Market Implied Growth Rate	7.12%

MG Opinion

Current Price \$38.87 % of Intrinsic Value 106.50%

Opinion Fairly Valued

#### Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$23.88
Graham Number	\$24.75
PEmg	22.75
Current Ratio	2.03
PB Ratio	1.76
Dividend Yield	5.71%
Number of Consecutive Years of Dividend Growth	11

Morningstar

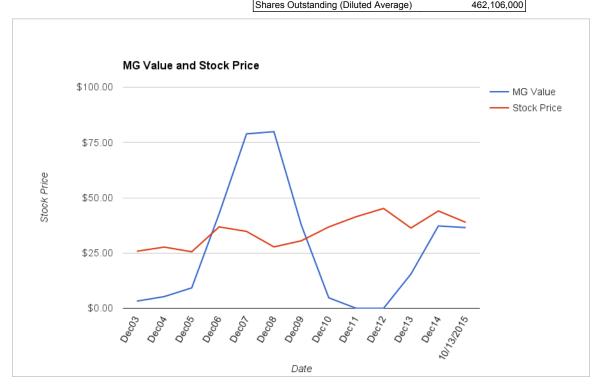
Useful Links: ModernGraham tagged articles

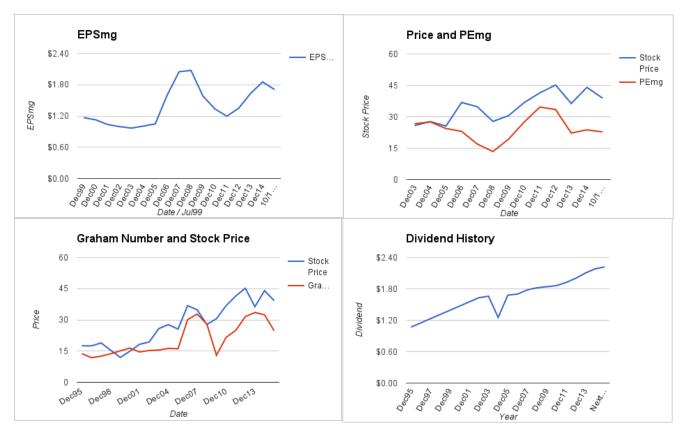
 Google Finance
 MSN Money

 Yahoo Finance
 Seeking Alpha

 GuruFocus
 SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.23	Next Fiscal Year Estimate	\$1.71
Dec14	\$2.00	Dec14	\$1.85
Dec13	\$2.13	Dec13	\$1.63
Dec12	\$1.90	Dec12	\$1.35
Dec11	\$1.29	Dec11	\$1.20
Dec10	\$1.00	Dec10	\$1.34
Dec09	\$0.40	Dec09	\$1.58
Dec08	\$1.79	Dec08	\$2.07
Dec07	\$2.71	Dec07	\$2.05
Dec06	\$2.66	Dec06	\$1.60
Dec05	\$1.12	Dec05	\$1.05
Dec04	\$1.11	Dec04	\$1.01
Dec03	\$0.97	Dec03	\$0.97
Dec02	\$0.96	Dec02	\$1.00
Dec01	\$0.85	Dec01	\$1.04
Dec00	\$1.07	Dec00	\$1.13
Dec99	\$1.13	Dec99	\$1.17
Dec98	\$1.27	Balance Sheet Information	Jun15
Dec97	\$1.10	Total Current Assets	\$1,078,584,000
Dec96	\$1.06	Total Current Liabilities	\$530,222,000
Dec95	\$1.42	Long-Term Debt	\$11,213,360,000
		Total Assets	\$22,348,130,000
		Intangible Assets	\$627,584,000
		Total Liabilities	\$12,115,340,000
		Shares Outstanding (Diluted Average)	462.106.000





#### 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 18 Companies in the Spotlight This Week - 10/25/14

HCP Inc. Annual Stock Valuation - 2014 \$HCP

5 Undervalued Companies to Research With a Low Beta - October 2014

5 Highest Dividend Yields Among Undervalued Companies for the Defensive Investor - September 2014

5 Undervalued Companies to Research with a Low Beta - September 2014

Other ModernGraham posts about related companies

Essex Property Trust Inc. Analysis - October 2015 Update \$ESS

Macerich Company Analysis - September 2015 Update \$MAC

Alexandria Real Estate Equities Inc. Analysis - Initial Coverage \$ARE

Weyerhaeuser Company Analysis - August 2015 Update \$WY

Boston Properties Inc. Analysis – August 2015 Update \$BXP

Health Care REIT Inc. Analysis - August 2015 Update \$HCN

Kimco Realty Corporation Analysis – August 2015 Update \$KIM

American Campus Communities Inc. Analysis - Initial Coverage \$ACC

Ventas Inc. Analysis – 2015 Update \$VTR

National Retail Properties Inc. Analysis - Initial Coverage \$NNN