

ModernGraham Valuation

Company Name:

PACCAR Inc

Company Ticker

PCAR

Date of Analysis

10/7/2015



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	\$19,261,891,897	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.66	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 beginning and end	-5.98%	Fail
5. Earnings Growth	PEmg < 20	17.87	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.70	Pass
7. Moderate Price to Assets			

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	2.66	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.63	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	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.06
MG Growth Estimate	8.67%
MG Value	\$79.01
MG Value based on 3% Growth	\$44.35
MG Value based on 0% Growth	\$26.00
Market Implied Growth Rate	4.69%

MG Opinion

Current Price	\$54.67
% of Intrinsic Value	69.19%
Opinion	Undervalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$2.68
Graham Number	\$32.58
PEmg	17.87
Current Ratio	2.66
PB Ratio	2.70
Dividend Yield	1.61%
Number of Consecutive Years of Dividend Growth	5

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	\$2.32	Next Fiscal Year Estimate	\$3.06
Dec14	\$3.82	Dec14	\$3.24
Dec13	\$3.30	Dec13	\$2.69
Dec12	\$3.12	Dec12	\$2.28
Dec11	\$2.86	Dec11	\$1.94
Dec10	\$1.25	Dec10	\$1.76
Dec09	\$0.31	Dec09	\$2.23
Dec08	\$2.78	Dec08	\$3.14
Dec07	\$3.29	Dec07	\$3.13
Dec06	\$3.97	Dec06	\$2.80
Dec05	\$2.91	Dec05	\$2.00
Dec04	\$2.29	Dec04	\$1.44
Dec03	\$1.33	Dec03	\$1.03
Dec02	\$0.95	Dec02	\$0.93
Dec01	\$0.44	Dec01	\$0.94
Dec00	\$1.13	Dec00	\$1.13
Dec99	\$1.46	Dec99	\$1.05
Dec98	\$1.05	Balance Sheet Information Jun15	
Dec97	\$0.87	Total Current Assets	\$15,153,200,000
Dec96	\$0.51	Total Current Liabilities	\$5,699,300,000
Dec95	\$0.64	Long-Term Debt	\$5,914,200,000
		Total Assets	\$21,415,300,000
		Intangible Assets	\$0
		Total Liabilities	\$14,196,700,000
		Shares Outstanding (Diluted Average)	356,300,000





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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