

ModernGraham Valuation

Precision Castparts Corp.



Company Name:

Company Ticker PCP

Date of Analysis

10/1/2015

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	\$31,506,252,696	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.99	Pass
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	83.84%	Pass
6. Moderate PEmg Ratio	PEmg < 20	20.50	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.85	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	2.99	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.09	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	\$11.21
MG Growth Estimate	7.60%
MG Value	\$265.79
MG Value based on 3% Growth	\$162.55
MG Value based on 0% Growth	\$95.29
Market Implied Growth Rate	6.00%

MG Opinion

Current Price	\$229.83
% of Intrinsic Value	86.47%
Opinion	Fairly Valued

Stage 3: Information for Further Research

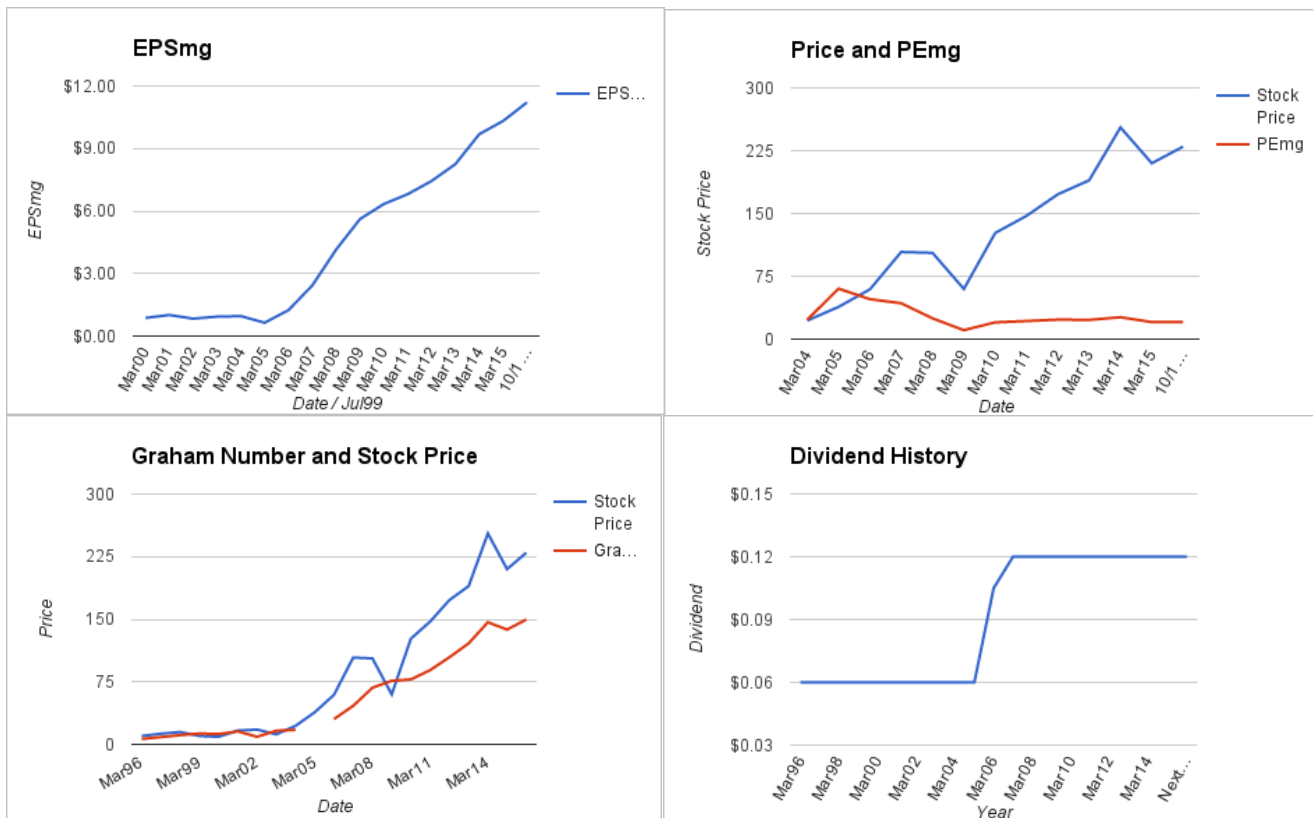
Net Current Asset Value (NCAV)	-\$18.68
Graham Number	\$149.63
PEmg	20.50
Current Ratio	2.99
PB Ratio	2.85
Dividend Yield	0.05%
Number of Consecutive Years of Dividend Growth	0

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	\$12.26	Next Fiscal Year Estimate	\$11.21
Mar15	\$10.66	Mar15	\$10.32
Mar14	\$12.12	Mar14	\$9.69
Mar13	\$9.72	Mar13	\$8.25
Mar12	\$8.41	Mar12	\$7.44
Mar11	\$7.04	Mar11	\$6.81
Mar10	\$6.49	Mar10	\$6.34
Mar09	\$7.43	Mar09	\$5.62
Mar08	\$7.04	Mar08	\$4.15
Mar07	\$4.59	Mar07	\$2.43
Mar06	\$2.58	Mar06	\$1.24
Mar05	-\$0.02	Mar05	\$0.64
Mar04	\$1.03	Mar04	\$0.96
Mar03	\$1.18	Mar03	\$0.93
Mar02	\$0.41	Mar02	\$0.84
Mar01	\$1.23	Mar01	\$1.01
Mar00	\$0.87	Mar00	\$0.87
Mar99	\$1.06	Balance Sheet Information Jun15	
Mar98	\$0.89	Total Current Assets	\$6,569,000,000
Mar97	\$0.65	Total Current Liabilities	\$2,196,000,000
Mar96	\$0.51	Long-Term Debt	\$4,779,000,000
		Total Assets	\$20,382,000,000
		Intangible Assets	\$10,654,000,000
		Total Liabilities	\$9,163,000,000
		Shares Outstanding (Diluted Average)	138,900,000





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

- [The 8 Best Stocks For Value Investors This Week – 6/27/15](#)
- [Precision Castparts Corporation Analysis – June 2015 Update \\$PCP](#)
- [40 Companies in the Spotlight This Week – 2/21/15](#)
- [Precision Castparts Corporation Quarterly Valuation – February 2015 \\$PCP](#)
- [26 Companies in the Spotlight This Week – 11/22/14](#)

Other ModernGraham posts about related companies

- [Raytheon Company Analysis – July 2015 Update \\$RTN](#)
- [Precision Castparts Corporation Analysis – June 2015 Update \\$PCP](#)
- [L3 Communications Holdings Inc. Quarterly Valuation – May 2015 \\$LLL](#)
- [Raytheon Corporation Quarterly Valuation – April 2015 \\$RTN](#)
- [Precision Castparts Corporation Quarterly Valuation – February 2015 \\$PCP](#)
- [L-3 Communications Holdings Inc. Quarterly Valuation – February 2015 \\$LLL](#)
- [Lockheed Martin Corporation Annual Valuation – 2015 \\$LMT](#)
- [Raytheon Company Quarterly Valuation – January 2015 \\$RTN](#)
- [General Dynamics Corporation Annual Valuation – 2014 \\$GD](#)
- [Rockwell Collins Inc. Annual Valuation – 2014 \\$COL](#)