

ModernGraham Valuation

Company Name:

Company Ticker UPS
Date of Analysis

United Parcel
Service, Inc.

10/28/2015



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	\$92,451,081,739	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.34	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	80.73%	Pass
6. Moderate PEmg Ratio	PEmg < 20	26.68	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	47.79	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	1.34	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.86	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	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.85
MG Growth Estimate	4.16%
MG Value	\$64.68
MG Value based on 3% Growth	\$55.78
MG Value based on 0% Growth	\$32.70
Market Implied Growth Rate	9.09%

MG Opinion

Current Price	\$102.64
% of Intrinsic Value	158.70%
Opinion	Overvalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$23.71
Graham Number	\$15.74
PEmg	26.68
Current Ratio	1.34
PB Ratio	47.79
Dividend Yield	2.73%
Number of Consecutive Years of Dividend Growth	6

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	\$5.05	Next Fiscal Year Estimate	\$3.85
Dec14	\$3.28	Dec14	\$3.22
Dec13	\$4.61	Dec13	\$3.11
Dec12	\$0.83	Dec12	\$2.45
Dec11	\$3.84	Dec11	\$3.01
Dec10	\$3.33	Dec10	\$2.57
Dec09	\$2.14	Dec09	\$2.32
Dec08	\$2.94	Dec08	\$2.51
Dec07	\$0.36	Dec07	\$2.40
Dec06	\$3.86	Dec06	\$3.33
Dec05	\$3.47	Dec05	\$2.96
Dec04	\$2.93	Dec04	\$2.67
Dec03	\$2.55	Dec03	\$2.40
Dec02	\$2.81	Dec02	\$2.20
Dec01	\$2.10	Dec01	\$1.73
Dec00	\$2.50	Dec00	\$1.35
Dec99	\$0.77	Dec99	\$0.68
Dec98	\$1.57	Balance Sheet Information Jun15 Total Current Assets \$13,768,000,000 Total Current Liabilities \$10,303,000,000 Long-Term Debt \$9,900,000,000 Total Assets \$37,251,000,000 Intangible Assets \$3,092,000,000 Total Liabilities \$35,301,000,000 Shares Outstanding (Diluted Average) 908,000,000	
Dec97	\$0.00		
Dec96	\$0.00		
Dec95	\$0.00		





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:

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ModernGraham
posts about the
company

[27 Companies in the Spotlight This Week – 11/8/14](#)
[United Parcel Service Inc. Annual Valuation – 2014 \\$UPS](#)
[19 Companies in the Spotlight This Week – 7/26/14](#)
[United Parcel Service Quarterly Valuation – July 2014 \\$UPS](#)
[16 Companies in the Spotlight This Week – 4/26/14](#)

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[FedEx Corporation Analysis – August 2015 Update \\$FDX](#)
[C.H. Robinson Worldwide Inc. Analysis – 2015 Update \\$CHRW](#)
[Expeditors International of Washington Analysis – June 2015 Update \\$EXPD](#)
[FedEx Corporation Quarterly Valuation – March 2015 \\$FDX](#)
[Expeditors International of Washington Quarterly Valuation – March 2015 \\$EXPD](#)
[Ryder System Inc. Annual Valuation – 2015 \\$R](#)
[FedEx Corporation Quarterly Valuation – December 2014 \\$FDX](#)
[Expeditors International of Washington Quarterly Valuation – December 2014 \\$EXPD](#)
[United Parcel Service Inc. Annual Valuation – 2014 \\$UPS](#)