ModernGraham Valuation

Company Name:

Company Ticker PAYX Date of Analysis

Paychex, Inc.



11/18/2015

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	\$19,288,891,124 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.13 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	26.42% Fail
6. Moderate PEmg Ratio	PEmg < 20	29.60 Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	10.84 Fail
Enterprising Investor; must pass 4 out of the following 5 tests, or b	e suitable for the Defensive Investor.	
1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.13 Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00 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

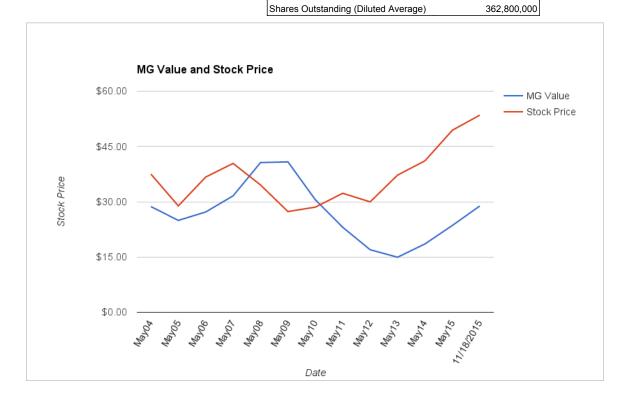
Suitability

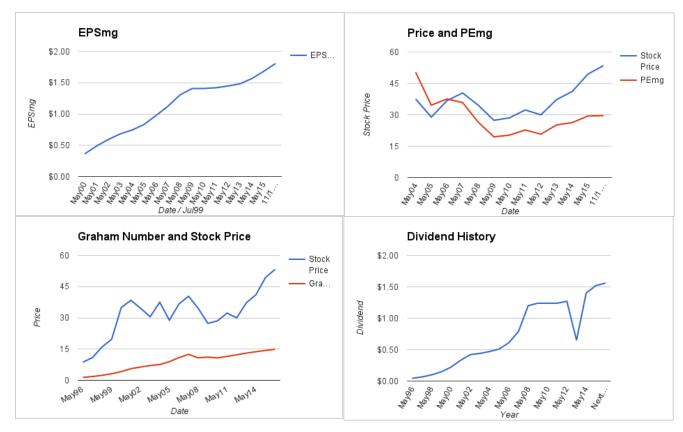
Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

•			
	EPSmg	\$1.81	
	MG Growth Estimate	3.73%	
	MG Value	\$28.85	
	MG Value based on 3% Growth	\$26.21	
	MG Value based on 0% Growth	\$15.36	
	Market Implied Growth Rate	10.55%	
MG Opinion			
	Current Price	\$53.50	
	% of Intrinsic Value	185.45%	
	Opinion	Overvalued	
Stage 3: Infor	mation for Further Research		
	Net Current Asset Value (NCAV)	\$1.09	
	Graham Number	\$14.92	
	PEmg	29.60	
	Current Ratio	1.13	
	PB Ratio	10.84	
	Dividend Yield	2.92%	
	Number of Consecutive Years of Dividend Growth	3	
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	\$1 99	Next Fiscal Year Estimate	\$1.81
May15		May15	\$1.68
May14		May14	\$1.57
May13		May13	\$1.48
May12		May12	\$1.45
May11		May11	\$1.42
May10		May10	\$1.41
May09		May09	\$1.41
May08		May08	\$1.31
May07		May07	\$1.13
May06		May06	\$0.98
May05		May05	\$0.84
May04		May04	\$0.75
May03		May03	\$0.68
May02		May02	\$0.59
May01		May01	\$0.39 \$0.49
May00		May00	\$0.45
May99		Balance Sheet Information	Aug15
May98		Total Current Assets	•
			\$4,588,200,000
May97		Total Current Liabilities	\$4,046,400,000
May96	\$0.15	Long-Term Debt	\$0
		Total Assets	\$5,983,000,000
		Intangible Assets	\$594,500,000
		Total Liabilities	\$4,192,200,000





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	Paychex Inc. Analysis – August 2015 Update \$PAYX
	30 Companies in the Spotlight This Week - 5/23/15
	Paychex Inc. Quarterly Valuation – May 2015 \$PAYX
	27 Companies in the Spotlight This Week – 2/14/15
	Paychex Inc. Quarterly Valuation – February 2015 \$PAYX
Other	Pohert Half International Inc. Valuation - November 2015 Lindate

 Other ModernGraham posts about related companies
 Robert Half International Inc. Valuation – November 2015 Update \$RHI Alliance Data Systems Corporation Analysis – October 2015 Update \$ADS Automatic Data Processing Analysis – September 2015 Update \$ADP Accenture PLC Analysis – September 2015 Update \$ACN Dun & Bradstreet Corp. Analysis – September 2015 Update \$DNB Cintas Corporation Analysis – August 2015 Update \$CTAS Apollo Education Group Inc. Analysis – Initial Coverage \$APOL Paychex Inc. Analysis – August 2015 Update \$PAYX Robert Half International Inc. Analysis – August 2015 Update \$RHI United Rentals Inc. Analysis – Initial Coverage \$URI