

ModernGraham Valuation

Company Name:

HCP, Inc.

Company Ticker HCP

Date of Analysis

1/30/2016



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	\$16,276,479,982	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.95	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	-30.45%	Fail
6. Moderate PEmg Ratio	PEmg < 20	22.72	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.64	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	1.95	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	22.87	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	\$1.58
MG Growth Estimate	4.84%
MG Value	\$28.76
MG Value based on 3% Growth	\$22.94
MG Value based on 0% Growth	\$13.45
Market Implied Growth Rate	7.11%

MG Opinion

Current Price	\$35.94
% of Intrinsic Value	124.95%
Opinion	Overvalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$23.78
Graham Number	\$20.46
PEmg	22.72
Current Ratio	1.95
PB Ratio	1.64
Dividend Yield	6.23%
Number of Consecutive Years of Dividend Growth	11

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	\$0.85	Next Fiscal Year Estimate	\$1.58
Dec2014	\$2.00	Dec2014	\$1.85
Dec2013	\$2.13	Dec2013	\$1.63
Dec2012	\$1.90	Dec2012	\$1.35
Dec2011	\$1.29	Dec2011	\$1.20
Dec2010	\$1.00	Dec2010	\$1.34
Dec2009	\$0.40	Dec2009	\$1.58
Dec2008	\$1.79	Dec2008	\$2.07
Dec2007	\$2.71	Dec2007	\$2.05
Dec2006	\$2.66	Dec2006	\$1.60
Dec2005	\$1.12	Dec2005	\$1.05
Dec2004	\$1.11	Dec2004	\$1.01
Dec2003	\$0.97	Dec2003	\$0.97
Dec2002	\$0.96	Dec2002	\$1.00
Dec2001	\$0.85	Dec2001	\$1.04
Dec2000	\$1.07	Dec2000	\$1.13
Dec1999	\$1.13	Dec1999	\$1.07
Dec1998	\$1.27	Balance Sheet Information Sep2015	
Dec1997	\$1.10	Total Current Assets	\$1,001,794,000
Dec1996	\$1.06	Total Current Liabilities	\$514,403,000
Dec1995	\$0.00	Long-Term Debt	\$11,144,880,000
		Total Assets	\$22,192,973,000
		Intangible Assets	\$610,023,000
		Total Liabilities	\$12,025,221,000
		Shares Outstanding (Diluted Average)	463,586,000





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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