ModernGraham Valuation

Company Name:

Company Ticker PCAR Date of Analysis

1/27/2016



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	\$16,806,819,987	Pass
	2.	Sufficiently Strong Financial Condition	Current Ratio > 2	2.82	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	15.04%	Fail
	6.	Moderate PEmg Ratio	PEmg < 20	12.47	Pass
	7.	Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.27	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	2.82	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

PACCAR Inc

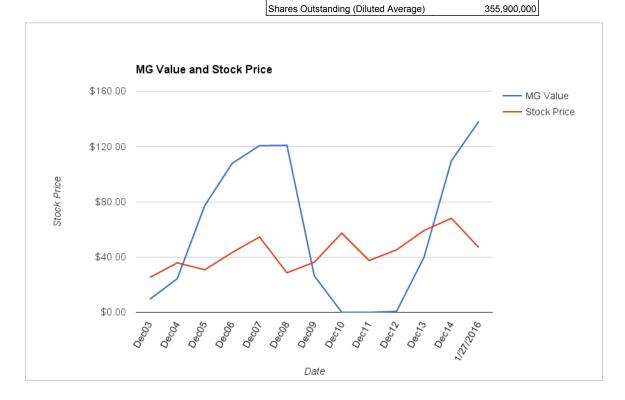
Suitability

Defensive	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

-	EPSmg		\$3.76
	MG Growth Estimate		14.11%
	MG Value	:	\$138.12
	MG Value based on 3% Growth		\$54.55
	MG Value based on 0% Growth		\$31.98
	Market Implied Growth Rate		1.98%
MG Opinion			
	Current Price		\$46.91
	% of Intrinsic Value		33.96%
	Opinion	Undervalued	
Stage 3: Infor	mation for Further Research		
	Net Current Asset Value (NCAV)		\$2.88
	Graham Number		\$45.50
	PEmg		12.47
	Current Ratio		2.82
	PB Ratio		2.27
	Dividend Yield		1.92%
	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	¢4.42	Next Fiscal Year Estimate	\$3.76
Dec14		Dec14	\$3.24
Dec13		Dec13	\$2.69
Dec12		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	\$1.01
Dec98	\$1.05	Balance Sheet Information	Sep15
Dec97	\$0.87	Total Current Assets	\$15,199,400,000
Dec96	\$0.51	Total Current Liabilities	\$5,389,800,000
Dec95	\$0.00	Long-Term Debt	\$6,143,700,000
		Total Assets	\$21,519,800,000
		Intangible Assets	\$0
		Total Liabilities	\$14,176,000,000
		1	





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	10 Most Undervalued Companies for the Defensive Investor – November 2015	
	Paccar Inc. Analysis – October 2015 Update \$PCAR	
	The 9 Best Stocks For Value Investors This Week – 7/18/15	
	Paccar Inc. Analysis – July 2015 Update \$PCAR	
	27 Companies in the Spotlight This Week – 4/4/15	
Other Oraham	Xylem Inc Valuation – January 2016 Update \$XYL	
ModernGraham posts about related	Xylem Inc Valuation – January 2016 Update \$XYL	
companies	Roper Technologies Inc Valuation – January 2016 Update \$ROP	
	W W Grainger Inc Valuation – January 2016 Update \$GWW	
	Deere & Company Valuation – January 2016 Update \$DE	
	Cummins Inc Valuation – December 2015 Update \$CMI	

Dover Corp Valuation – December 2015 Update \$DOV Fastenal Co Valuation – November 2015 Update \$FAST

Pentair PLC Valuation – November 2015 Update \$PNR

A.O. Smith Corp Valuation - November 2015 Update \$AOS