

ModernGraham Valuation

Company Name:

Company Ticker PCP
Date of Analysis

Precision Castparts Corp.

1/5/2016



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 | \$31,941,109,983 Pass |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2 | 3.06 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 | 77.49% Pass |
| 6. Moderate PEmg Ratio | PEmg < 20 | 21.49 Fail |
| 7. Moderate Price to Assets | PB Ratio < 2.5 OR PB*PEmg < 50 | 2.80 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 | 3.06 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 | \$10.81 |
| MG Growth Estimate | 6.79% |
| MG Value | \$238.64 |
| MG Value based on 3% Growth | \$156.70 |
| MG Value based on 0% Growth | \$91.86 |
| Market Implied Growth Rate | 6.49% |

MG Opinion

| | |
|----------------------|----------------------|
| Current Price | \$232.20 |
| % of Intrinsic Value | 97.30% |
| Opinion | Fairly Valued |

Stage 3: Information for Further Research

| | |
|--|----------|
| Net Current Asset Value (NCAV) | -\$18.52 |
| Graham Number | \$144.01 |
| PEmg | 21.49 |
| Current Ratio | 3.06 |
| PB Ratio | 2.80 |
| 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 | \$11.05 | Next Fiscal Year Estimate | \$10.81 |
| 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 | -\$0.01 | Mar05 | \$0.64 |
| Mar04 | \$1.02 | Mar04 | \$0.96 |
| Mar03 | \$1.17 | 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 Sep15 | |
| Mar98 | \$0.89 | Total Current Assets | \$6,152,000,000 |
| Mar97 | \$0.65 | Total Current Liabilities | \$2,013,000,000 |
| Mar96 | \$0.51 | Long-Term Debt | \$4,491,000,000 |
| | | Total Assets | \$20,189,000,000 |
| | | Intangible Assets | \$10,836,000,000 |
| | | Total Liabilities | \$8,713,000,000 |
| | | Shares Outstanding (Diluted Average) | 138,300,000 |





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

[13 Best Stocks For Value Investors This Week – 10/3/15](#)
[Precision Castparts Corporation Analysis – October 2015 Update \\$PCP](#)
[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](#)

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posts about related
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[United Technologies Corp Valuation – November 2015 Update \\$UTX](#)
[Northrop Grumman Corporation Valuation – November 2015 Update \\$NOC](#)
[Raytheon Company Valuation – October 2015 Update \\$RTN](#)
[Precision Castparts Corporation Analysis – October 2015 Update \\$PCP](#)
[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](#)