

ModernGraham Valuation

Company Name:

HCP, Inc.

Company Ticker HCP

Date of Analysis

7/9/2016



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	\$16,480,011,753	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.70	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-29.59%	Fail
5. Earnings Growth	PEmg < 20	26.14	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.82	Pass
7. Moderate Price to Assets			

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	1.70	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	27.88	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
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	\$1.37
MG Growth Estimate	0.27%
MG Value	\$12.44
MG Value based on 3% Growth	\$19.93
MG Value based on 0% Growth	\$11.68
Market Implied Growth Rate	8.82%

MG Opinion

Current Price	\$35.94
% of Intrinsic Value	288.95%
Opinion	Overvalued
MG Grade	D+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$23.62
Graham Number	\$34.40
PEmg	26.14
Current Ratio	1.70
PB Ratio	1.82
Current Dividend	\$2.27
Dividend Yield	6.32%
Number of Consecutive Years of Dividend Growth	12

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.66	Next Fiscal Year Estimate	\$1.37
Dec2015	-\$1.21	Dec2015	\$0.90
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	\$0.98
Dec2002	\$0.97	Dec2002	\$1.01
Dec2001	\$0.89	Dec2001	\$1.05
Dec2000	\$1.07	Dec2000	\$1.13
Dec1999	\$1.13	Balance Sheet Information 3/1/2016	
Dec1998	\$1.27	Total Current Assets	\$955,065,000
Dec1997	\$1.10	Total Current Liabilities	\$562,800,000
Dec1996	\$1.06	Long-Term Debt	\$10,935,944,000
		Total Assets	\$21,199,927,000
		Intangible Assets	\$635,676,000
		Total Liabilities	\$11,969,180,000
		Shares Outstanding (Diluted Average)	466,262,000





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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