

ModernGraham Valuation

Company Name:

Parker-Hannifin Corp

Company Ticker PH

Date of Analysis

7/14/2016



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	\$15,306,433,202	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.18	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	46.03%	Pass
6. Moderate PEmg Ratio	PEmg < 20	17.67	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.09	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	2.18	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.90	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	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$6.44
MG Growth Estimate	2.11%
MG Value	\$81.86
MG Value based on 3% Growth	\$93.39
MG Value based on 0% Growth	\$54.75
Market Implied Growth Rate	4.59%

MG Opinion

Current Price	\$113.82
% of Intrinsic Value	139.04%
Opinion	Overvalued
MG Grade	B+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$11.64
Graham Number	\$68.74
PEmg	17.67
Current Ratio	2.18
PB Ratio	3.09
Current Dividend	\$2.52
Dividend Yield	2.21%
Number of Consecutive Years of Dividend Growth	20

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$5.63	Next Fiscal Year Estimate	\$6.44
Jun2015	\$6.97	Jun2015	\$6.83
Jun2014	\$6.87	Jun2014	\$6.53
Jun2013	\$6.26	Jun2013	\$6.01
Jun2012	\$7.45	Jun2012	\$5.65
Jun2011	\$6.37	Jun2011	\$4.70
Jun2010	\$3.40	Jun2010	\$3.94
Jun2009	\$3.13	Jun2009	\$4.17
Jun2008	\$5.53	Jun2008	\$4.41
Jun2007	\$4.67	Jun2007	\$3.55
Jun2006	\$3.71	Jun2006	\$2.72
Jun2005	\$3.35	Jun2005	\$2.09
Jun2004	\$1.94	Jun2004	\$1.50
Jun2003	\$1.12	Jun2003	\$1.39
Jun2002	\$0.75	Jun2002	\$1.59
Jun2001	\$1.97	Jun2001	\$1.99
Jun2000	\$2.21	Jun2000	\$1.93
Jun1999	\$1.89	Balance Sheet Information 3/1/2016	
Jun1998	\$1.90	Total Current Assets	\$5,456,839,000
Jun1997	\$1.64	Total Current Liabilities	\$2,500,619,000
Jun1996	\$1.44	Long-Term Debt	\$2,675,000,000
		Total Assets	\$12,069,401,000
		Intangible Assets	\$3,909,490,000
		Total Liabilities	\$7,045,789,000
		Shares Outstanding (Diluted Average)	136,553,000





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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