

ModernGraham Valuation

Company Name:

Public Storage

Company Ticker

PSA

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	\$44,163,108,239	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.11	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	136.35%	Pass
6. Moderate PEmg Ratio	PEmg < 20	37.56	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.88	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	1.11	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	11.03	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	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$6.76
MG Growth Estimate	14.94%
MG Value	\$259.54
MG Value based on 3% Growth	\$98.08
MG Value based on 0% Growth	\$57.49
Market Implied Growth Rate	14.53%

MG Opinion

Current Price	\$254.07
% of Intrinsic Value	97.89%
Opinion	Fairly Valued
MG Grade	D+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$4.08
Graham Number	\$79.33
PEmg	37.56
Current Ratio	1.11
PB Ratio	4.88
Current Dividend	\$6.80
Dividend Yield	2.68%
Number of Consecutive Years of Dividend Growth	7

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$9.55	Next Fiscal Year Estimate	\$6.76
Dec2015	\$6.07	Dec2015	\$5.14
Dec2014	\$5.25	Dec2014	\$4.43
Dec2013	\$4.89	Dec2013	\$3.87
Dec2012	\$3.90	Dec2012	\$3.39
Dec2011	\$3.29	Dec2011	\$3.05
Dec2010	\$2.35	Dec2010	\$2.72
Dec2009	\$3.47	Dec2009	\$2.68
Dec2008	\$4.19	Dec2008	\$2.13
Dec2007	\$1.17	Dec2007	\$1.14
Dec2006	\$0.33	Dec2006	\$1.16
Dec2005	\$1.97	Dec2005	\$1.54
Dec2004	\$1.38	Dec2004	\$1.33
Dec2003	\$1.28	Dec2003	\$1.34
Dec2002	\$1.19	Dec2002	\$1.37
Dec2001	\$1.51	Dec2001	\$1.42
Dec2000	\$1.41	Dec2000	\$1.33
Dec1999	\$1.52	Balance Sheet Information 3/1/2016	
Dec1998	\$1.30	Total Current Assets	\$305,705,000
Dec1997	\$0.91	Total Current Liabilities	\$275,170,000
Dec1996	\$1.10	Long-Term Debt	\$336,664,000
		Total Assets	\$10,064,347,000
		Intangible Assets	\$212,506,000
		Total Liabilities	\$1,015,581,000
		Shares Outstanding (Diluted Average)	173,850,000





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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