

# ModernGraham Valuation

Company Name:

PACCAR Inc

Company Ticker

PCAR

Date of Analysis

8/17/2016



## 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	\$20,726,817,206	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.46	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	52.98%	Pass
6. Moderate PEmg Ratio	PEmg < 20	19.11	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.10	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	2.46	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.69	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

<b>Defensive</b>	<b>Yes</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$3.09
MG Growth Estimate	5.34%
<b>MG Value</b>	<b>\$59.31</b>
MG Value based on 3% Growth	\$44.82
MG Value based on 0% Growth	\$26.28
Market Implied Growth Rate	5.31%

### MG Opinion

Current Price	\$59.08
% of Intrinsic Value	99.60%
<b>Opinion</b>	<b>Fairly Valued</b>
<b>MG Grade</b>	<b>B-</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$0.09
Graham Number	\$24.82
PEmg	19.11
Current Ratio	2.46
PB Ratio	3.10
Current Dividend	\$0.96
Dividend Yield	1.62%
Number of Consecutive Years of Dividend Growth	6

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.43	Next Fiscal Year Estimate	\$3.09
Dec2015	\$4.51	Dec2015	\$3.79
Dec2014	\$3.82	Dec2014	\$3.24
Dec2013	\$3.30	Dec2013	\$2.69
Dec2012	\$3.12	Dec2012	\$2.28
Dec2011	\$2.86	Dec2011	\$1.94
Dec2010	\$1.25	Dec2010	\$1.76
Dec2009	\$0.31	Dec2009	\$2.23
Dec2008	\$2.78	Dec2008	\$3.14
Dec2007	\$3.29	Dec2007	\$3.13
Dec2006	\$3.97	Dec2006	\$2.80
Dec2005	\$2.91	Dec2005	\$2.00
Dec2004	\$2.29	Dec2004	\$1.44
Dec2003	\$1.33	Dec2003	\$1.03
Dec2002	\$0.95	Dec2002	\$0.93
Dec2001	\$0.44	Dec2001	\$0.94
Dec2000	\$1.13	Dec2000	\$1.13
Dec1999	\$1.46	<b>Balance Sheet Information 6/1/2016</b>	
Dec1998	\$1.05	Total Current Assets	\$14,686,700,000
Dec1997	\$0.87	Total Current Liabilities	\$5,976,400,000
Dec1996	\$0.51	Long-Term Debt	\$6,018,100,000
		Total Assets	\$21,427,200,000
		Intangible Assets	\$0
		Total Liabilities	\$14,717,500,000
		Shares Outstanding (Diluted Average)	351,600,000





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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