

ModernGraham Valuation

Company Name:

United Rentals, Inc.

Company Ticker URI

Date of Analysis

8/25/2016



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	\$6,898,298,914	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.84	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-267.47%	Fail
5. Earnings Growth	PEmg < 20	15.48	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	4.78	Fail
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	0.84	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-29.77	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$5.25
MG Growth Estimate	15.00%
MG Value	\$202.00
MG Value based on 3% Growth	\$76.08
MG Value based on 0% Growth	\$44.60
Market Implied Growth Rate	3.49%

MG Opinion

Current Price	\$81.21
% of Intrinsic Value	40.20%
Opinion	Undervalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$105.73
Graham Number	\$49.07
PEmg	15.48
Current Ratio	0.84
PB Ratio	4.78
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$6.18	Next Fiscal Year Estimate	\$5.25
Dec2015	\$6.07	Dec2015	\$4.32
Dec2014	\$5.15	Dec2014	\$3.00
Dec2013	\$3.64	Dec2013	\$1.57
Dec2012	\$0.79	Dec2012	-\$0.43
Dec2011	\$1.38	Dec2011	-\$1.33
Dec2010	-\$0.44	Dec2010	-\$2.37
Dec2009	-\$1.02	Dec2009	-\$2.66
Dec2008	-\$12.62	Dec2008	-\$2.74
Dec2007	\$3.25	Dec2007	\$1.67
Dec2006	\$2.06	Dec2006	\$0.24
Dec2005	\$1.80	Dec2005	-\$0.84
Dec2004	-\$0.79	Dec2004	-\$1.83
Dec2003	-\$3.29	Dec2003	-\$1.81
Dec2002	-\$4.88	Dec2002	-\$0.72
Dec2001	\$1.18	Dec2001	\$1.23
Dec2000	\$1.89	Dec2000	\$1.07
Dec1999	\$1.53	Balance Sheet Information 6/1/2016	
Dec1998	\$0.18	Total Current Assets	\$1,264,000,000
Dec1997	\$0.00	Total Current Liabilities	\$1,508,000,000
Dec1996	\$0.00	Long-Term Debt	\$7,265,000,000
		Total Assets	\$12,120,000,000
		Intangible Assets	\$4,084,000,000
		Total Liabilities	\$10,618,000,000
		Shares Outstanding (Diluted Average)	88,473,000





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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