

ModernGraham Valuation

Company Name:

Company Ticker JCP

Date of Analysis

1/27/2017

J C Penney Company
Inc



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	\$1,933,807,627	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.47	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	-148.14%	Fail
5. Earnings Growth	PEmg < 20	-3.32	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.74	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	1.47	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.23	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago		Fail
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	-\$1.93
MG Growth Estimate	-4.25%
MG Value	\$0.00
MG Value based on 3% Growth	-\$28.05
MG Value based on 0% Growth	-\$16.44
Market Implied Growth Rate	-5.91%

MG Opinion

Current Price	\$6.43
% of Intrinsic Value	N/A
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$13.36
Graham Number	\$0.00
PEmg	-3.32
Current Ratio	1.47
PB Ratio	1.74
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	-\$0.10	Next Fiscal Year Estimate	-\$1.93
Jan2016	-\$1.68	Jan2016	-\$2.86
Jan2015	-\$2.35	Jan2015	-\$3.03
Jan2014	-\$5.13	Jan2014	-\$2.76
Jan2013	-\$4.49	Jan2013	-\$1.04
Jan2012	-\$0.70	Jan2012	\$1.09
Jan2011	\$1.63	Jan2011	\$2.33
Jan2010	\$1.08	Jan2010	\$2.98
Jan2009	\$2.57	Jan2009	\$3.85
Jan2008	\$4.93	Jan2008	\$4.13
Jan2007	\$4.96	Jan2007	\$3.36
Jan2006	\$4.26	Jan2006	\$2.29
Jan2005	\$1.76	Jan2005	\$0.99
Jan2004	\$1.20	Jan2004	\$0.50
Jan2003	\$0.95	Jan2003	\$0.22
Jan2002	\$0.58	Jan2002	\$0.10
Jan2001	-\$2.81	Jan2001	\$0.22
Jan2000	\$1.54	Balance Sheet Information 10/1/2016	
Jan1999	\$1.58	Total Current Assets	\$4,336,000,000
Jan1998	\$2.10	Total Current Liabilities	\$2,941,000,000
Jan1997	\$2.25	Long-Term Debt	\$4,509,000,000
		Total Assets	\$9,595,000,000
		Intangible Assets	\$0
		Total Liabilities	\$8,455,000,000
		Shares Outstanding (Diluted Average)	308,300,000





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.

Recommended Reading:

Other
ModernGraham
posts about the
company

#N/A

Other
ModernGraham
posts about related
companies

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[Shoe Carnival Inc Valuation – Initial Coverage \\$SCVL](#)
[Aaron's Inc Valuation – November 2016 \\$AAN](#)
[Tractor Supply Company Valuation – August 2016 \\$TSCO](#)
[Fossil Group Inc Valuation – August 2016 \\$FOSL](#)
[Target Corp Valuation – August 2016 \\$TGT](#)
[TJX Companies Inc Valuation – August 2016 \\$TJX](#)
[Dollar General Corp Valuation – August 2016 \\$DGI](#)
[Coach Inc Valuation – August 2016 \\$COH](#)
[Tiffany & Co Valuation – August 2016 \\$TIF](#)