

# ModernGraham Valuation

Company Name:

PACCAR Inc

Company Ticker PCAR

Date of Analysis

2/5/2017



## 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	\$24,327,983,664	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	114.06%	Pass
6. Moderate PEmg Ratio	PEmg < 20	21.91	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.56	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	0.00	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
	Score		

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$3.13
MG Growth Estimate	2.42%
<b>MG Value</b>	<b>\$41.72</b>
MG Value based on 3% Growth	\$45.33
MG Value based on 0% Growth	\$26.57
Market Implied Growth Rate	6.70%

### MG Opinion

Current Price	\$68.49
% of Intrinsic Value	164.18%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>C</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$26.57
Graham Number	\$37.88
PEmg	21.91
Current Ratio	1.11
PB Ratio	3.56
Current Dividend	\$0.96
Dividend Yield	1.40%
Number of Consecutive Years of Dividend Growth	7

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.30	Next Fiscal Year Estimate	\$3.13
Dec2016	\$1.48	Dec2016	\$3.11
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	<b>Balance Sheet Information</b>	<b>12/1/2016</b>
Dec1999	\$1.46	Total Current Assets	\$4,512,600,000
Dec1998	\$1.05	Total Current Liabilities	\$4,056,200,000
Dec1997	\$0.87	Long-Term Debt	\$0
		Total Assets	\$20,638,900,000
		Intangible Assets	\$0
		Total Liabilities	\$13,861,300,000
		Shares Outstanding (Diluted Average)	351,900,000





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**

- [10 Most Undervalued Companies for the Defensive Investor – July 2016](#)
- [10 Most Undervalued Companies for the Defensive Investor – June 2016](#)
- [10 Most Undervalued Companies for the Defensive Investor – May 2016](#)
- [10 Most Undervalued Companies for the Defensive Investor – February 2016](#)
- [18 Best Stocks For Value Investors This Week – 1/30/16](#)

**Other ModernGraham posts about related companies**

- [John Bean Technologies Corp Valuation – Initial Coverage \\$JBT](#)
- [W. W. Grainger Inc Valuation – January 2017 \\$GWW](#)
- [Allegion PLC Valuation – January 2017 \\$ALLE](#)
- [Xylem Inc Valuation – January 2017 \\$XYL](#)
- [Clarcor Inc Valuation – Initial Coverage \\$CLC](#)
- [Caterpillar Inc Valuation – August 2016 \\$CAT](#)
- [Regal Beloit Corp Valuation – August 2016 \\$RBC](#)
- [Snap-on Incorporated Valuation – August 2016 \\$SNA](#)
- [AGCO Corporation Valuation – August 2016 \\$AGCO](#)
- [PACCAR Inc Valuation – August 2016 \\$PCAR](#)