

ModernGraham Valuation

Company Name:

Company Ticker UPS

Date of Analysis

2/12/2017

United Parcel Service,
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	\$94,445,121,391	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.13	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	78.48%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	22.47	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	219.18	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	1.13	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	8.08	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
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.78
MG Growth Estimate	8.02%
MG Value	\$117.21
MG Value based on 3% Growth	\$69.26
MG Value based on 0% Growth	\$40.60
Market Implied Growth Rate	6.99%

MG Opinion

Current Price	\$107.34
% of Intrinsic Value	91.58%
Opinion	Fairly Valued
MG Grade	D+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$30.35
Graham Number	\$8.02
PEmg	22.47
Current Ratio	1.13
PB Ratio	219.18
Current Dividend	\$3.12
Dividend Yield	2.91%
Number of Consecutive Years of Dividend Growth	8

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	\$5.79	Next Fiscal Year Estimate	\$4.78
Dec2016	\$3.87	Dec2016	\$4.04
Dec2015	\$5.35	Dec2015	\$3.95
Dec2014	\$3.28	Dec2014	\$3.22
Dec2013	\$4.61	Dec2013	\$3.11
Dec2012	\$0.83	Dec2012	\$2.45
Dec2011	\$3.84	Dec2011	\$3.01
Dec2010	\$3.33	Dec2010	\$2.57
Dec2009	\$2.14	Dec2009	\$2.32
Dec2008	\$2.94	Dec2008	\$2.51
Dec2007	\$0.36	Dec2007	\$2.40
Dec2006	\$3.86	Dec2006	\$3.33
Dec2005	\$3.47	Dec2005	\$2.96
Dec2004	\$2.93	Dec2004	\$2.67
Dec2003	\$2.55	Dec2003	\$2.40
Dec2002	\$2.81	Dec2002	\$2.20
Dec2001	\$2.10	Dec2001	\$1.73
Dec2000	\$2.50	Balance Sheet Information 12/1/2016	
Dec1999	\$0.77	Total Current Assets	\$13,388,000,000
Dec1998	\$1.57	Total Current Liabilities	\$11,855,000,000
Dec1997	\$0.00	Long-Term Debt	\$12,394,000,000
		Total Assets	\$40,401,000,000
		Intangible Assets	\$0
		Total Liabilities	\$39,972,000,000
		Shares Outstanding (Diluted Average)	876,000,000





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:

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company

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[27 Companies in the Spotlight This Week – 11/8/14](#)
[United Parcel Service Inc. Annual Valuation – 2014 \\$UPS](#)
[19 Companies in the Spotlight This Week – 7/26/14](#)
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[C.H. Robinson Worldwide Inc Valuation – August 2016 \\$CHRW](#)
[FedEx Corp Valuation – July 2016 \\$FDX](#)
[Ryder System Inc Valuation – July 2016 \\$R](#)
[Expeditors International of Washington Valuation – June 2016 \\$EXPD](#)
[Expeditors International of Washington Valuation – January 2016 Update \\$EXPD](#)
[FedEx Corp Valuation – November 2015 Update \\$FDX](#)
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