

# ModernGraham Valuation

## Company Name:

Company Ticker GPC

Date of Analysis

3/2/2018

Genuine Parts  
Company



## 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  | \$13,321,302,699 | Pass |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2  | 1.34             | 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 | 54.63%           | Pass |
| 5. Earnings Growth                         | PEmg < 20  | 19.27            | Pass |
| 6. Moderate PEmg Ratio                     | PB Ratio < 2.5 OR PB*PEmg < 50   | 3.92             | 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                  | 1.34 | Fail |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1                    | 1.39 | 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 Score |      | Pass |

### Suitability

|                     |           |
|---------------------|-----------|
| <b>Defensive</b>    | <b>No</b> |
| <b>Enterprising</b> | <b>No</b> |

## Stage 2: Determination of Intrinsic Value

|                             |                |
|-----------------------------|----------------|
| EPSmg                       | \$4.71         |
| MG Growth Estimate          | 1.77%          |
| <b>MG Value</b>             | <b>\$56.80</b> |
| MG Value based on 3% Growth | \$68.35        |
| MG Value based on 0% Growth | \$40.07        |
| Market Implied Growth Rate  | 5.39%          |

### MG Opinion

|                      |                   |
|----------------------|-------------------|
| Current Price        | \$90.86           |
| % of Intrinsic Value | 159.97%           |
| <b>Opinion</b>       | <b>Overvalued</b> |
| <b>MG Grade</b>      | <b>C-</b>         |

## Stage 3: Information for Further Research

|  |          |
|--|----------|
| Net Current Asset Value (NCAV)                 | -\$11.46 |
| Graham Number                                  | \$52.53  |
| PEmg   | 19.27    |
| Current Ratio                                  | 1.34     |
| PB Ratio                                       | 3.92     |
| Current Dividend                               | \$2.70   |
| Dividend Yield                                 | 2.97%    |
| Number of Consecutive Years of Dividend Growth | 20       |

### 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 | \$5.27  | Next Fiscal Year Estimate                         | \$4.71           |
| Dec2017                   | \$4.18  | Dec2017   | \$4.45           |
| Dec2016                   | \$4.59  | Dec2016   | \$4.55           |
| Dec2015                   | \$4.63  | Dec2015   | \$4.44           |
| Dec2014                   | \$4.61  | Dec2014   | \$4.22           |
| Dec2013                   | \$4.40  | Dec2013   | \$3.85           |
| Dec2012                   | \$4.14  | Dec2012   | \$3.46           |
| Dec2011                   | \$3.58  | Dec2011   | \$3.08           |
| Dec2010                   | \$3.00  | Dec2010   | \$2.83           |
| Dec2009                   | \$2.50  | Dec2009   | \$2.74           |
| Dec2008                   | \$2.92  | Dec2008   | \$2.80           |
| Dec2007                   | \$2.98  | Dec2007   | \$2.66           |
| Dec2006                   | \$2.76  | Dec2006   | \$2.28           |
| Dec2005                   | \$2.50  | Dec2005   | \$1.91           |
| Dec2004                   | \$2.25  | Dec2004   | \$1.60           |
| Dec2003                   | \$1.91  | Dec2003   | \$1.37           |
| Dec2002                   | -\$0.16 | Dec2002   | \$1.26           |
| Dec2001                   | \$1.71  | <b>Balance Sheet Information</b> <b>12/1/2017</b> |                  |
| Dec2000                   | \$2.20  | Total Current Assets                              | \$7,312,893,000  |
| Dec1999                   | \$2.11  | Total Current Liabilities                         | \$5,474,025,000  |
| Dec1998                   | \$1.98  | Long-Term Debt                                    | \$2,550,020,000  |
|                           |         | Total Assets                                      | \$12,412,381,000 |
|                           |         | Intangible Assets                                 | \$3,554,380,000  |
|                           |         | Total Liabilities                                 | \$9,000,229,000  |
|                           |         | Shares Outstanding (Diluted Average)              | 147,185,000      |





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

[Genuine Parts Co Valuation – July 2016 \\$GPC](#)  
[Dividend Growth Stocks for Intelligent Investors – June 2016](#)  
[Dividend Growth Stocks for Intelligent Investors – February 2016](#)  
[26 Best Stocks For Value Investors This Week – 2/6/16](#)  
[Genuine Parts Co Valuation – January 2016 Update \\$GPC](#)

Other  
ModernGraham  
posts about related  
companies

[AutoZone Inc Valuation – February 2018 \\$AZO](#)  
[Thor Industries Inc Valuation – Initial Coverage \\$THO](#)  
[Titan International Inc Valuation – Initial Coverage \\$TWI](#)  
[Harley-Davidson Inc Valuation – August 2017 \\$HOG](#)  
[Wabash National Corp Valuation – Initial Coverage \\$WNC](#)  
[Advance Auto Parts Inc Valuation – August 2017 \\$AAP](#)  
[Fox Factory Holding Corp Valuation – Initial Coverage \\$FOXF](#)  
[Monro Muffler Brake Inc Valuation – Initial Coverage \\$MNRO](#)  
[Group 1 Automotive Inc Valuation – Initial Coverage \\$GPI](#)  
[Dana Inc Valuation – Initial Coverage \\$DAN](#)