

# ModernGraham Valuation

Company Name:

HCP, Inc.

Company Ticker HCP

Date of Analysis

3/25/2018



## 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	\$10,468,260,427	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.22	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	2.23%	Fail
5. Earnings Growth	PEmg < 20	34.22	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.97	Pass
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	0.22	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-18.64	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago Score		Fail

### Suitability

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

## Stage 2: Determination of Intrinsic Value

EPSmg	\$0.65
MG Growth Estimate	-4.25%
<b>MG Value</b>	<b>\$0.00</b>
MG Value based on 3% Growth	\$9.44
MG Value based on 0% Growth	\$5.54
Market Implied Growth Rate	12.86%

### MG Opinion

Current Price	\$22.29
% of Intrinsic Value	N/A
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>D+</b>

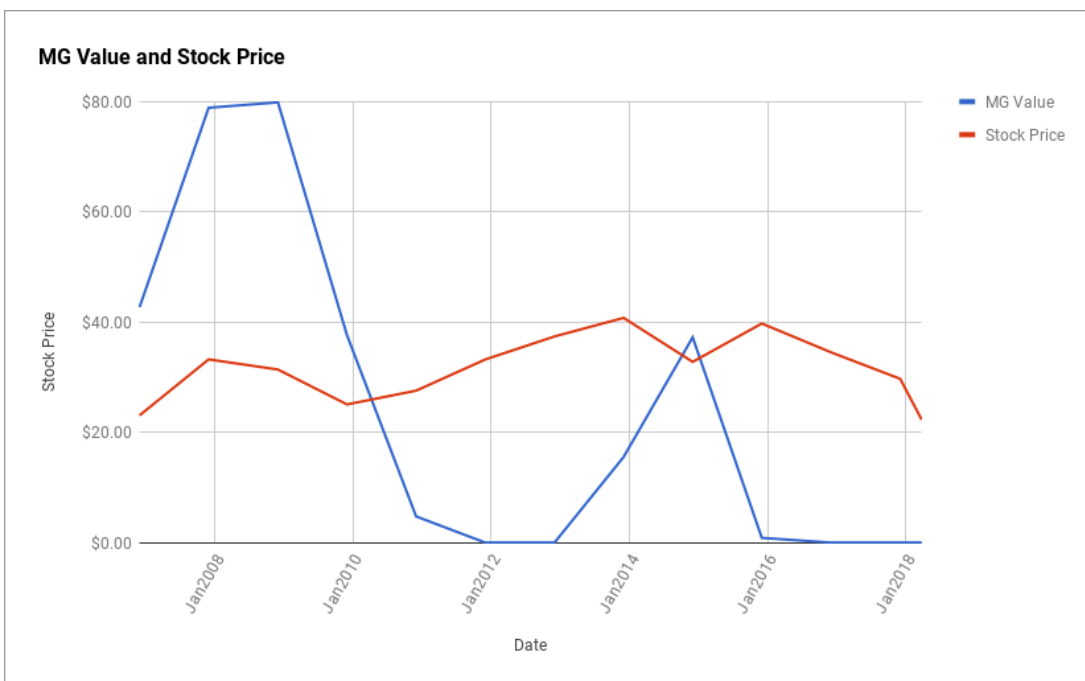
## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$18.46
Graham Number	\$11.60
PEmg	34.22
Current Ratio	0.22
PB Ratio	1.97
Current Dividend	\$1.48
Dividend Yield	6.64%
Number of Consecutive Years of Dividend Growth	0

### 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		Next Fiscal Year Estimate	
Dec2017	\$0.53	Dec2017	\$0.65
Dec2016	\$0.88	Dec2016	\$0.82
Dec2015	\$1.34	Dec2015	\$0.93
Dec2014	-\$1.21	Dec2014	\$0.90
Dec2013	\$2.00	Dec2013	\$1.85
Dec2012	\$2.13	Dec2012	\$1.63
Dec2011	\$1.90	Dec2011	\$1.35
Dec2010	\$1.29	Dec2010	\$1.20
Dec2009	\$1.00	Dec2009	\$1.34
Dec2008	\$0.40	Dec2008	\$1.58
Dec2007	\$1.79	Dec2007	\$2.07
Dec2006	\$2.71	Dec2006	\$2.05
Dec2005	\$2.66	Dec2005	\$1.60
Dec2004	\$1.12	Dec2004	\$1.05
Dec2003	\$1.11	Dec2003	\$1.01
Dec2002	\$0.97	Dec2002	\$0.97
Dec2001	\$0.96	Dec2001	\$1.00
Dec2000	\$0.85	<b>Balance Sheet Information</b>	
Dec1999	\$1.07	<b>12/1/2017</b>	
Dec1998	\$1.13	Total Current Assets	\$122,936,000
	\$1.27	Total Current Liabilities	\$546,447,000
		Long-Term Debt	\$7,894,497,000
		Total Assets	\$14,088,461,000
		Intangible Assets	\$410,082,000
		Total Liabilities	\$8,787,456,000
		Shares Outstanding (Diluted Average)	469,256,000





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

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[13 Best Stocks For Value Investors This Week – 10/17/15](#)  
[HCP Inc. Valuation – October 2015 Update \\$HCP](#)  
[18 Companies in the Spotlight This Week – 10/25/14](#)  
[HCP Inc. Annual Stock Valuation – 2014 \\$HCP](#)

Other  
ModernGraham  
posts about related  
companies

[Apartment Investment & Management Co Valuation – March 2018 \\$AIV](#)  
[Crown Castle International Corp Valuation – March 2018 \\$CCI](#)  
[GGP Inc Valuation – March 2018 \\$GGP](#)  
[Starwood Property Trust Inc Valuation – March 2018 \\$STWD](#)  
[Simon Property Group Inc Valuation – March 2018 \\$SPG](#)  
[Welltower Inc Valuation – March 2018 \\$WELL](#)  
[Boston Properties Inc Valuation – March 2018 \\$BXP](#)  
[AvalonBay Communities Inc Valuation – February 2018 \\$AVB](#)  
[Weyerhaeuser Co Valuation – February 2018 \\$WY](#)  
[Alexandria Real Estate Equities Inc Valuation – February 2018 \\$ARE](#)