

ModernGraham Valuation

Company Name:

Parker-Hannifin Corp

Company Ticker PH

Date of Analysis

3/3/2018



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	\$23,356,670,374	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.49	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	62.40%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	24.72	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.34	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	1.49	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.74	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

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$7.10
MG Growth Estimate	1.33%
MG Value	\$79.20
MG Value based on 3% Growth	\$102.98
MG Value based on 0% Growth	\$60.37
Market Implied Growth Rate	8.11%

MG Opinion

Current Price	\$175.55
% of Intrinsic Value	221.67%
Opinion	Overvalued
MG Grade	D+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$37.93
Graham Number	\$83.32
PEmg	24.72
Current Ratio	1.49
PB Ratio	4.34
Current Dividend	\$2.58
Dividend Yield	1.47%
Number of Consecutive Years of Dividend Growth	20

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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	\$7.10
Jun2017	\$7.81	Jun2017	\$6.71
Jun2016	\$7.25	Jun2016	\$6.53
Jun2015	\$5.89	Jun2015	\$6.83
Jun2014	\$6.97	Jun2014	\$6.53
Jun2013	\$6.87	Jun2013	\$6.01
Jun2012	\$6.26	Jun2012	\$5.65
Jun2011	\$7.45	Jun2011	\$4.71
Jun2010	\$6.37	Jun2010	\$3.95
Jun2009	\$3.40	Jun2009	\$4.17
Jun2008	\$3.13	Jun2008	\$4.41
Jun2007	\$5.53	Jun2007	\$3.55
Jun2006	\$4.68	Jun2006	\$2.72
Jun2005	\$3.71	Jun2005	\$2.09
Jun2004	\$3.35	Jun2004	\$1.50
Jun2003	\$1.94	Jun2003	\$1.39
Jun2002	\$1.12	Jun2002	\$1.60
Jun2001	\$0.75	Balance Sheet Information 12/1/2017	
Jun2000	\$1.97	Total Current Assets	\$5,286,359,000
Jun1999	\$2.21	Total Current Liabilities	\$3,537,703,000
Jun1998	\$1.89	Long-Term Debt	\$4,798,371,000
	\$1.90	Total Assets	\$15,965,181,000
		Intangible Assets	\$7,872,811,000
		Total Liabilities	\$10,451,780,000
		Shares Outstanding (Diluted Average)	136,195,000





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.

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