ModernGraham Valuation

Company Name: PACCAR Inc

Company Ticker PCAR
Date of Analysis 5/15/2018

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	$22,223,643,643	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.45	Pass
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	159.28%	Pass
6. Moderate PEmg Ratio	PEmg < 20	15.17	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.60	Pass

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	2.45	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.60	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

Defensive	**Yes**
Enterprising	**Yes**

Stage 2: Determination of Intrinsic Value

EPSmg		$4.16
MG Growth Estimate		4.26%
MG Value		**$70.81**
MG Value based on 3% Growth		$60.35
MG Value based on 0% Growth		$35.38
Market Implied Growth Rate		3.33%

MG Opinion

Current Price		$63.12
% of Intrinsic Value		89.14%
Opinion	**Fairly Valued**	
MG Grade	**B-**	

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	$3.89
Graham Number	$51.89
PEmg	15.17
Current Ratio	2.45
PB Ratio	2.60
Current Dividend	$0.99
Dividend Yield	1.57%
Number of Consecutive Years of Dividend Growth	7

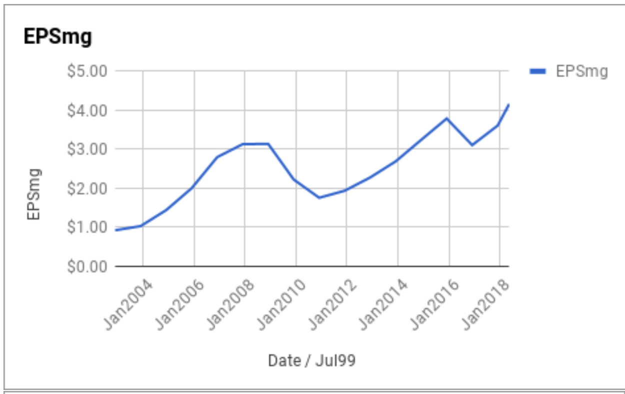
Useful Links:

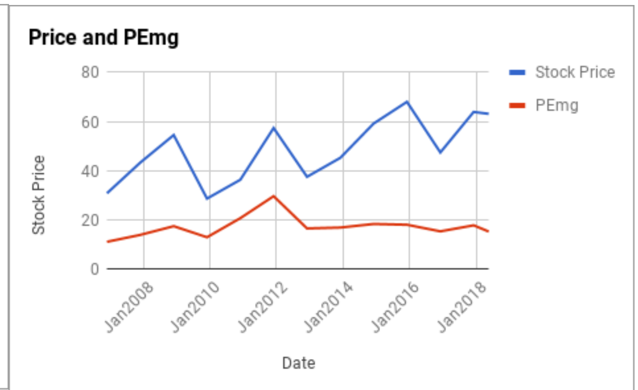
ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

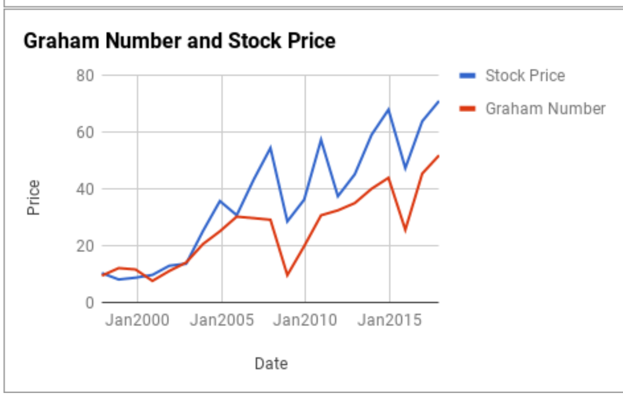
EPS History	
Next Fiscal Year Estimate	$5.23
Dec2017	$4.75
Dec2016	$1.48
Dec2015	$4.51
Dec2014	$3.82
Dec2013	$3.30
Dec2012	$3.12
Dec2011	$2.86
Dec2010	$1.25
Dec2009	$0.31
Dec2008	$2.78
Dec2007	$3.29
Dec2006	$3.97
Dec2005	$2.91
Dec2004	$2.29
Dec2003	$1.33
Dec2002	$0.95
Dec2001	$0.44
Dec2000	$1.13
Dec1999	$1.46
Dec1998	$1.05

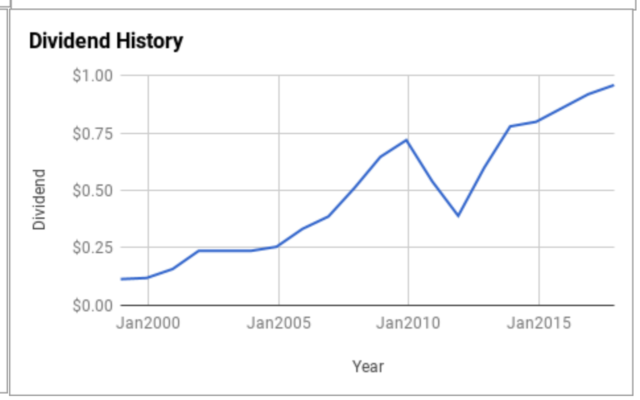
EPSmg History	
Next Fiscal Year Estimate	$4.16
Dec2017	$3.61
Dec2016	$3.11
Dec2015	$3.79
Dec2014	$3.24
Dec2013	$2.69
Dec2012	$2.28
Dec2011	$1.94
Dec2010	$1.76
Dec2009	$2.23
Dec2008	$3.14
Dec2007	$3.13
Dec2006	$2.80
Dec2005	$2.00
Dec2004	$1.44
Dec2003	$1.03
Dec2002	$0.93

Balance Sheet Information	**3/1/2018**
Total Current Assets	$16,588,200,000
Total Current Liabilities	$6,764,100,000
Long-Term Debt	$5,895,800,000
Total Assets	$23,781,700,000
Intangible Assets	$0
Total Liabilities	$15,214,400,000
Shares Outstanding (Diluted Average)	353,500,000









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

- PACCAR Inc Valuation – February 2017 $PCAR
- 15 Best Undervalued Stocks of the Week – 8/20/16
- PACCAR Inc Valuation – August 2016 $PCAR
- 10 Most Undervalued Companies for the Defensive Investor – July 2016
- 10 Most Undervalued Companies for the Defensive Investor – June 2016

Other ModernGraham posts about related companies

- W.W. Grainger Inc Valuation – May 2018 $GWW
- Allegion PLC Valuation – May 2018 $ALLE
- Xylem Inc Valuation – May 2018 $XYL
- Arconic Inc Valuation – April 2018 $ARNC
- Rockwell Automation Inc Valuation – April 2018 $ROK
- Roper Technologies Inc Valuation – April 2018 $ROP
- Eaton Corp PLC Valuation – March 2018 $ETN
- Fastenal Co Valuation – March 2018 $FAST
- Deere & Co Valuation – March 2018 $DE
- A.O. Smith Corp Valuation – March 2018 $AOS