ModernGraham Valuation

Company Name:

United Parcel Service, Inc.



Company Ticker UPS

Date of Analysis 5/20/2018

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.

Adequate Size of the Enterprise	Market Cap > \$2Bil	\$100,432,797,598 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.22 Fail
3. Earnings Stability	Positive EPS for 10 years prior	Pass
Dividend Record	Dividend Payments for 10 years prior	Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at	
5. Earnings Growth	beginning and end	78.63% Pass
Moderate PEmg Ratio	PEmg < 20	20.66 Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	74.69 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	1.22 Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	8.26 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
	Coore	

Score

Suitability

Defensive No Enterprising No

Stage 2: Determination of Intrinsic Value

EPSmg	\$5.59
MG Growth Estimate	11.00%
MG Value	\$170.32
MG Value based on 3% Growth	\$80.99
MG Value based on 0% Growth	\$47.48
Market Implied Growth Rate	6.08%

MG Opinion

Oninian	Undervolved
% of Intrinsic Value	67.74%
Current Price	\$115.38

MG Grade C

Stage 3: Information for Further Research

Net	Current Asset Value (NCAV)	-\$33.91
Grah	nam Number	\$13.68
PEm	ng	20.66
Curr	ent Ratio	1.22
PB F	Ratio	74.69
Curr	ent Dividend	\$3.32
Divid	dend Yield	2.88%
	ber of Consecutive Years of Dividend	
Grov	wth	R

Morningstar

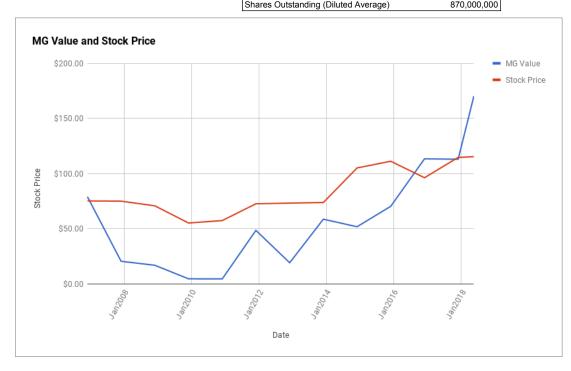
Useful Links: ModernGraham tagged articles

 Google Finance
 MSN Money

 Yahoo Finance
 Seeking Alpha

 GuruFocus
 SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$7.15	Next Fiscal Year Estimate	\$5.59
Dec2017	\$5.61	Dec2017	\$4.72
Dec2017	\$3.87	Dec2017	\$4.04
Dec2015	\$5.35	Dec2016	\$3.9
Dec2015	\$3.28	Dec2015	\$3.93 \$3.22
Dec2013	\$4.61	Dec2013	\$3.1
Dec2012	\$0.83	Dec2012	\$2.4
Dec2011	\$3.84	Dec2011	\$3.0
Dec2010	\$3.33	Dec2010	\$2.5
Dec2009	\$2.14	Dec2009	\$2.3
Dec2008	\$2.94	Dec2008	\$2.5
Dec2007	\$0.36	Dec2007	\$2.4
Dec2006	\$3.86	Dec2006	\$3.3
Dec2005	\$3.47	Dec2005	\$2.9
Dec2004	\$2.93	Dec2004	\$2.6
Dec2003	\$2.55	Dec2003	\$2.4
Dec2002	\$2.81	Dec2002	\$2.20
Dec2001	\$2.10	Balance Sheet Information	3/1/201
Dec2000	\$2.50	Total Current Assets	\$13,620,000,00
Dec1999	\$0.77	Total Current Liabilities	\$11,149,000,00
Dec1998	\$1.57	Long-Term Debt	\$20,409,000,00
		Total Assets	\$44,464,000,00
		Intangible Assets	\$5,918,000,00
		Total Liabilities	\$43,120,000,00
		Shares Outstanding (Diluted Average)	870,000,00





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 <u>United Parcel Service Inc Valuation – February 2017 \$UPS</u>

<u>United Parcel Service Inc. Valuation – October 2015 Update \$UPS</u>

27 Companies in the Spotlight This Week - 11/8/14

<u>United Parcel Service Inc. Annual Valuation – 2014 \$UPS</u>

19 Companies in the Spotlight This Week - 7/26/14

Other ModernGraham posts about related companies JB Hunt Transport Services Inc Valuation - May 2018 \$JBHT

C.H. Robinson Worldwide Inc Valuation – April 2018 \$CHRW

FedEx Corp Valuation - April 2018 \$FDX

Expeditors International of Washington Inc Valuation – March 2018 \$EXPD

TFI International Inc Valuation - Initial Coverage \$TSE:TFII

<u>Landstar System Inc Valuation – Initial Coverage \$LSTR</u>

Kirby Corporation Valuation – Initial Coverage \$KEX

Knight Transportation Valuation - Initial Coverage \$KNX

<u>United Parcel Service Inc Valuation – February 2017 \$UPS</u>

SPS Commerce Inc Valuation - Initial Coverage \$SPSC