

# ModernGraham Valuation

## Company Name:

Company Ticker UPS

Date of Analysis

5/20/2018

United Parcel Service,  
Inc.



## 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	\$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
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	78.63%	Pass
5. Earnings Growth	PEmg < 20	20.66	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	74.69	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	1.22	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 Score		Pass

### Suitability

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

## Stage 2: Determination of Intrinsic Value

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

### MG Opinion

Current Price	\$115.38
% of Intrinsic Value	67.74%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>C</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$33.91
Graham Number	\$13.68
PEmg	20.66
Current Ratio	1.22
PB Ratio	74.69
Current Dividend	\$3.32
Dividend Yield	2.88%
Number of Consecutive Years of Dividend Growth	8

### Useful Links:

[ModernGraham tagged articles](#)  
[Google Finance](#)  
[Yahoo Finance](#)  
[GuruFocus](#)

[Morningstar](#)  
[MSN Money](#)  
[Seeking Alpha](#)  
[SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Dec2017	\$5.61	Dec2017	\$5.59
Dec2016	\$3.87	Dec2016	\$4.72
Dec2015	\$5.35	Dec2015	\$3.95
Dec2014	\$3.28	Dec2014	\$3.22
Dec2013	\$4.61	Dec2013	\$3.11
Dec2012	\$0.83	Dec2012	\$2.45
Dec2011	\$3.84	Dec2011	\$3.01
Dec2010	\$3.33	Dec2010	\$2.57
Dec2009	\$2.14	Dec2009	\$2.32
Dec2008	\$2.94	Dec2008	\$2.51
Dec2007	\$0.36	Dec2007	\$2.40
Dec2006	\$3.86	Dec2006	\$3.33
Dec2005	\$3.47	Dec2005	\$2.96
Dec2004	\$2.93	Dec2004	\$2.67
Dec2003	\$2.55	Dec2003	\$2.40
Dec2002	\$2.81	Dec2002	\$2.20
Dec2001	\$2.10	<b>Balance Sheet Information 3/1/2018</b>	
Dec2000	\$2.50	Total Current Assets	\$13,620,000,000
Dec1999	\$0.77	Total Current Liabilities	\$11,149,000,000
Dec1998	\$1.57	Long-Term Debt	\$20,409,000,000
		Total Assets	\$44,464,000,000
		Intangible Assets	\$5,918,000,000
		Total Liabilities	\$43,120,000,000
		Shares Outstanding (Diluted Average)	870,000,000





**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**

- [United Parcel Service Inc Valuation – February 2017 \\$UPS](#)
- [United Parcel Service Inc. Valuation – October 2015 Update \\$UPS](#)
- [27 Companies in the Spotlight This Week – 11/8/14](#)
- [United Parcel Service Inc. Annual Valuation – 2014 \\$UPS](#)
- [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](#)
- [Landstar System Inc Valuation – Initial Coverage \\$LSTR](#)
- [Kirby Corporation Valuation – Initial Coverage \\$KEX](#)
- [Knight Transportation Valuation – Initial Coverage \\$KNX](#)
- [United Parcel Service Inc Valuation – February 2017 \\$UPS](#)
- [SPS Commerce Inc Valuation – Initial Coverage \\$SPSC](#)