

ModernGraham Valuation

J C Penney Company
Inc



Company Name:

Company Ticker JCP

Date of Analysis

6/7/2018

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	\$865,955,211	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.73	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-122.74%	Fail
5. Earnings Growth	PEmg < 20	-5.43	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	0.66	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	1.73	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.93	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago Score		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	-\$0.51
MG Growth Estimate	12.48%
MG Value	\$0.00
MG Value based on 3% Growth	-\$7.38
MG Value based on 0% Growth	-\$4.32
Market Implied Growth Rate	-6.96%

MG Opinion

Current Price	\$2.76
% of Intrinsic Value	N/A
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

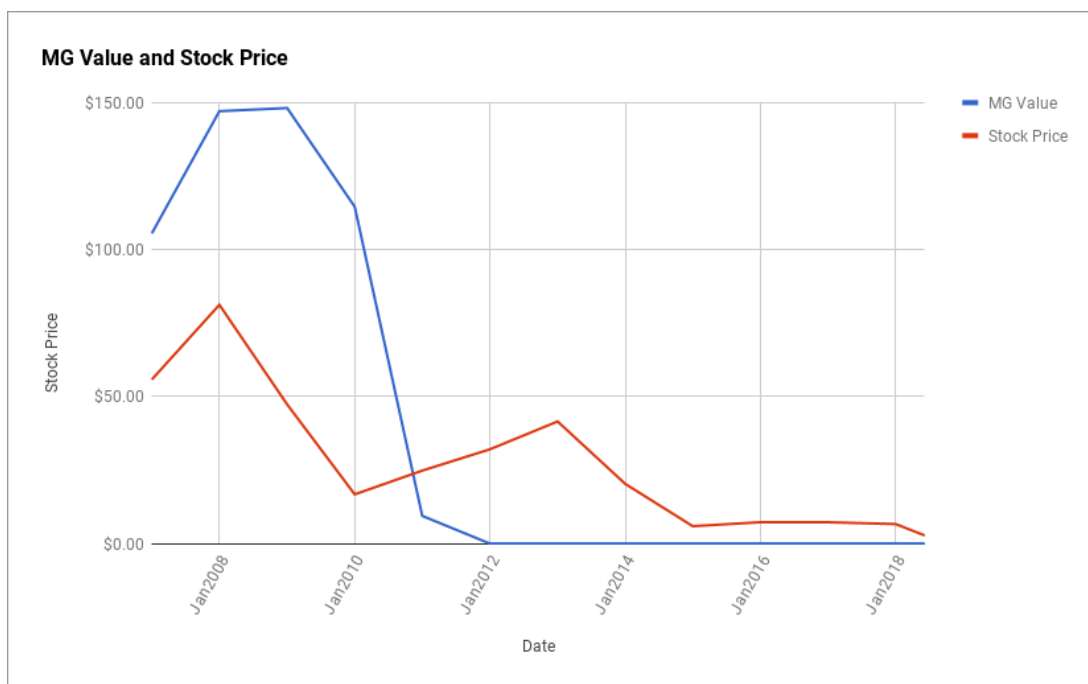
Net Current Asset Value (NCAV)	-\$11.59
Graham Number	\$0.00
PEmg	-5.43
Current Ratio	1.73
PB Ratio	0.66
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Jan2018	-\$0.09	Jan2018	-\$0.51
Jan2017	-\$0.37	Jan2017	-\$1.11
Jan2016	\$0.00	Jan2016	-\$1.90
Jan2015	-\$1.68	Jan2015	-\$2.86
Jan2014	-\$2.35	Jan2014	-\$3.03
Jan2013	-\$5.13	Jan2013	-\$2.76
Jan2012	-\$4.49	Jan2013	-\$1.04
Jan2011	-\$0.70	Jan2012	\$1.09
Jan2010	\$1.63	Jan2011	\$2.33
Jan2009	\$1.08	Jan2010	\$2.98
Jan2008	\$2.57	Jan2009	\$3.85
Jan2007	\$4.93	Jan2008	\$3.82
Jan2006	\$4.96	Jan2007	\$2.74
Jan2005	\$4.26	Jan2006	\$1.34
Jan2004	\$1.76	Jan2005	-\$0.30
Jan2003	-\$3.48	Jan2004	-\$1.13
Jan2002	\$0.95	Jan2003	\$0.13
Jan2001	\$0.26	Balance Sheet Information 4/1/2018	
Jan2000	-\$2.81	Total Current Assets	\$3,352,000,000
Jan1999	\$1.54	Total Current Liabilities	\$1,939,000,000
	\$1.58	Long-Term Debt	\$4,142,000,000
		Total Assets	\$8,305,000,000
		Intangible Assets	\$0
		Total Liabilities	\$6,990,000,000
		Shares Outstanding (Diluted Average)	313,900,000





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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company

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