

ModernGraham Valuation

Company Name:

HCP, Inc.

Company Ticker HCP

Date of Analysis

1/23/2019



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	\$14,276,913,709	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.41	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	4.46%	Fail
5. Earnings Growth	PEmg < 20	44.33	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.48	Pass
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	1.41	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	40.06	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago Score		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$0.67
MG Growth Estimate	-4.25%
MG Value	\$0.00
MG Value based on 3% Growth	\$9.73
MG Value based on 0% Growth	\$5.71
Market Implied Growth Rate	17.91%

MG Opinion

Current Price	\$29.76
% of Intrinsic Value	N/A
Opinion	Overvalued
MG Grade	D+

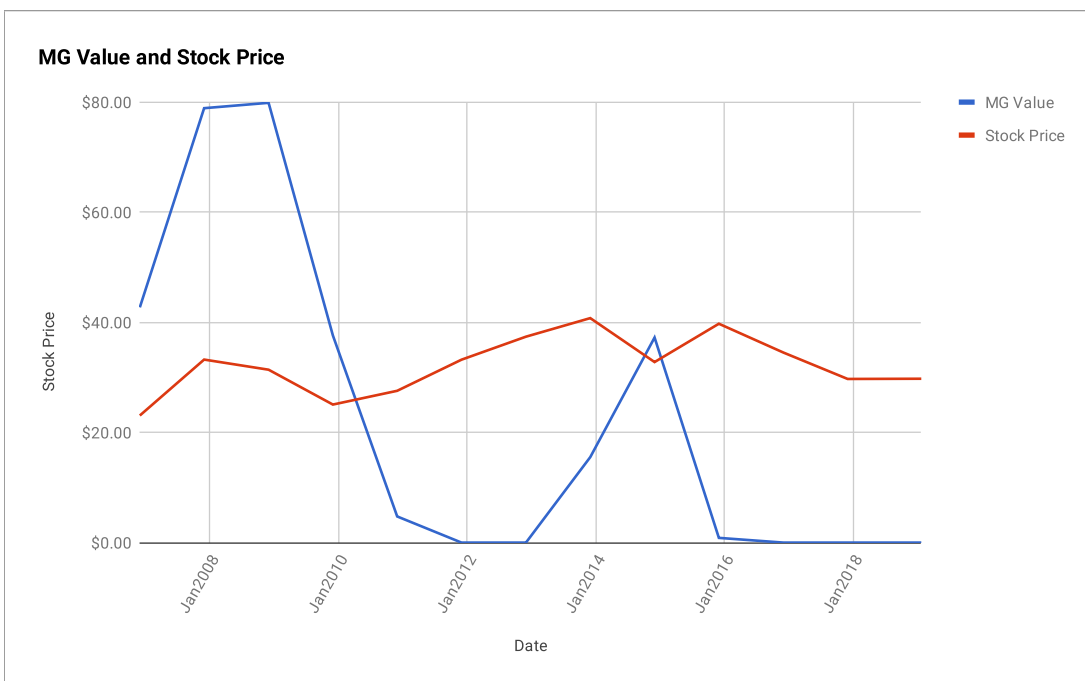
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$14.60
Graham Number	\$12.24
PEmg	44.33
Current Ratio	1.41
PB Ratio	2.48
Current Dividend	\$1.48
Dividend Yield	4.97%
Number of Consecutive Years of Dividend Growth	0

Useful Links:

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

EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Dec2017	\$0.59	Dec2017	\$0.67
Dec2016	\$0.88	Dec2016	\$0.82
Dec2015	\$1.34	Dec2015	\$0.93
Dec2014	-\$1.21	Dec2014	\$0.90
Dec2013	\$2.00	Dec2013	\$1.85
Dec2012	\$2.13	Dec2012	\$1.63
Dec2011	\$1.90	Dec2011	\$1.35
Dec2010	\$1.29	Dec2010	\$1.20
Dec2009	\$1.00	Dec2009	\$1.34
Dec2008	\$0.40	Dec2008	\$1.58
Dec2007	\$1.79	Dec2007	\$2.07
Dec2006	\$2.71	Dec2006	\$2.05
Dec2005	\$2.66	Dec2005	\$1.60
Dec2004	\$1.12	Dec2004	\$1.05
Dec2003	\$1.11	Dec2003	\$1.01
Dec2002	\$0.97	Dec2002	\$0.97
Dec2001	\$0.96	Dec2001	\$1.00
Dec2000	\$0.85	Balance Sheet Information	
Dec1999	\$1.07	9/1/2018	
Dec1998	\$1.13	Total Current Assets	\$580,505,000
	\$1.27	Total Current Liabilities	\$410,804,000
		Long-Term Debt	\$6,798,253,000
		Total Assets	\$13,083,958,000
		Intangible Assets	\$305,805,000
		Total Liabilities	\$7,443,583,000
		Shares Outstanding (Diluted Average)	470,118,000





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:

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ModernGraham
posts about the
company

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[HCP Inc Valuation – January 2016 Update \\$HCP](#)
[13 Best Stocks For Value Investors This Week – 10/17/15](#)
[HCP Inc. Valuation – October 2015 Update \\$HCP](#)
[18 Companies in the Spotlight This Week – 10/25/14](#)

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[Crown Castle International Corp Valuation – January 2019 \\$CCI](#)
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[Boston Properties Inc Valuation – January 2019 \\$BXP](#)
[AvalonBay Communities Inc Valuation – December 2018 \\$AVB](#)
[Weyerhaeuser Co Valuation – December 2018 \\$WY](#)
[Alexandria Real Estate Equities Inc Valuation – November 2018 \\$ARE](#)
[LaSalle Hotel Properties Valuation – September 2018 \\$LHO](#)
[Cousins Properties Inc Valuation – September 2018 \\$CUZ](#)
[Cominar Real Estate Investment Trust Valuation – September 2018 \\$TSE:CUF.UN](#)