

ModernGraham Valuation

Automatic Data
Processing



Company Name:

Company Ticker ADP

Date of Analysis

2/16/2019

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	\$65,200,741,302	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.05	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	63.57%	Pass
5. Earnings Growth	PEmg < 20	36.51	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	13.76	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	1.05	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.44	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

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.10
MG Growth Estimate	5.66%
MG Value	\$81.26
MG Value based on 3% Growth	\$59.44
MG Value based on 0% Growth	\$34.84
Market Implied Growth Rate	14.01%

MG Opinion

Current Price	\$149.67
% of Intrinsic Value	184.18%
Opinion	Overvalued
MG Grade	D+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$5.39
Graham Number	\$30.23
PEmg	36.51
Current Ratio	1.05
PB Ratio	13.76
Current Dividend	\$2.52
Dividend Yield	1.68%
Number of Consecutive Years of Dividend Growth	20

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	\$5.15	Next Fiscal Year Estimate	\$4.10
Jun2018	\$3.66	Jun2018	\$3.51
Jun2017	\$3.85	Jun2017	\$3.37
Jun2016	\$3.25	Jun2016	\$3.10
Jun2015	\$3.05	Jun2015	\$2.98
Jun2014	\$3.14	Jun2014	\$2.88
Jun2013	\$2.89	Jun2013	\$2.71
Jun2012	\$2.82	Jun2012	\$2.60
Jun2011	\$2.52	Jun2011	\$2.45
Jun2010	\$2.40	Jun2010	\$2.42
Jun2009	\$2.63	Jun2009	\$2.35
Jun2008	\$2.34	Jun2008	\$2.11
Jun2007	\$2.04	Jun2007	\$1.91
Jun2006	\$2.68	Jun2006	\$1.78
Jun2005	\$1.32	Jun2005	\$1.35
Jun2004	\$1.18	Jun2004	\$1.38
Jun2003	\$1.34	Jun2003	\$1.45
Jun2002	\$1.75	Balance Sheet Information 12/1/2018	
Jun2001	\$1.44	Total Current Assets	\$31,682,600,000
Jun2000	\$1.31	Total Current Liabilities	\$30,296,900,000
Jun1999	\$1.10	Long-Term Debt	\$2,002,300,000
		Total Assets	\$38,806,300,000
		Intangible Assets	\$3,248,100,000
		Total Liabilities	\$34,042,400,000
		Shares Outstanding (Diluted Average)	438,000,000





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**

[Automatic Data Processing Inc Valuation – April 2018 \\$ADP](#)
[Automatic Data Processing Valuation – November 2016 \\$ADP](#)
[Automatic Data Processing Valuation – May 2016 \\$ADP](#)
[Automatic Data Processing Analysis – September 2015 Update \\$ADP](#)
[Automatic Data Processing Analysis – June 2015 Update \\$ADP](#)

**Other
ModernGraham
posts about related
companies**

[Fiserv Inc Valuation – February 2019 \\$FISV](#)
[Rollins Inc Valuation – February 2019 \\$ROL](#)
[Iron Mountain Inc Valuation – February 2019 \\$IRM](#)
[Cintas Corp Valuation – February 2019 \\$CTAS](#)
[Fidelity National Information Services Inc Valuation – January 2019 \\$FIS](#)
[Avery Dennison Corp Valuation – January 2019 \\$AVY](#)
[Paychex Inc Valuation – January 2019 \\$PAYX](#)
[Fleetcor Technologies Inc Valuation – January 2019 \\$FLT](#)
[TrueBlue Inc Valuation – October 2018 \\$TBI](#)
[Convergys Corp Valuation – September 2018 \\$CVG](#)