ModernGraham Valuation

Company Name:

Company Ticker ADP Date of Analysis



Automatic Data Processing



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

Defensive Investor; n	nust pass 6 out of the following 7 tests.			
	1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$65,200,741,302 Pass	3
	2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.05 Fail	
	3. Earnings Stability	Positive EPS for 10 years prior	Pass	3
	4. Dividend Record	Dividend Payments for 10 years prior	Pass	3
		Increase of 33% in EPS in past 10		
	5. Earnings Growth	years using 3 year averages at beginning and end	63.57% Pass	3
	6. Moderate PEmg Ratio	PEmg < 20	36.51 Fail	
	7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	13.76 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	1.05 Fail	
	2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.44 Fail	
	3. Earnings Stability	Positive EPS for 5 years prior	Pass	3
	4. Dividend Record	Currently Pays Dividend	Pass	3
	5. Earnings Growth	EPSmg greater than 5 years ago	Pass	3
		Score		
Suitability				
	Defensive	No		
	Enterprising	Νο		
Stage 2: Dete	rmination 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%		

Overvalued

D+

Stage 3: Information for Further Research

Opinion MG Grade

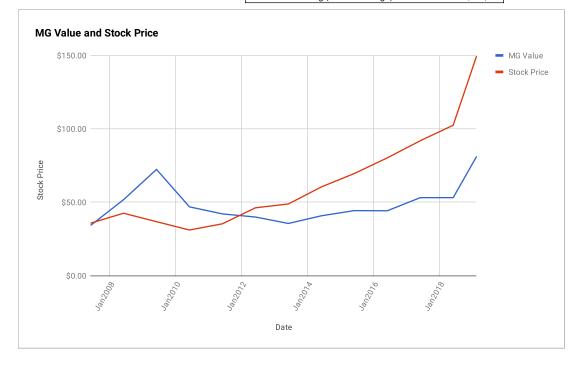
Net Current Asset Value (NCAV)	-\$5.39
Graham Number	\$30.23
PEmg	36.51
Current Ratio	1.05
PB Ratio	13.76
Current Dividend	\$2.52
Dividend Yield	1.68%
Number of Consecutive Years of Dividend	
Growth	20

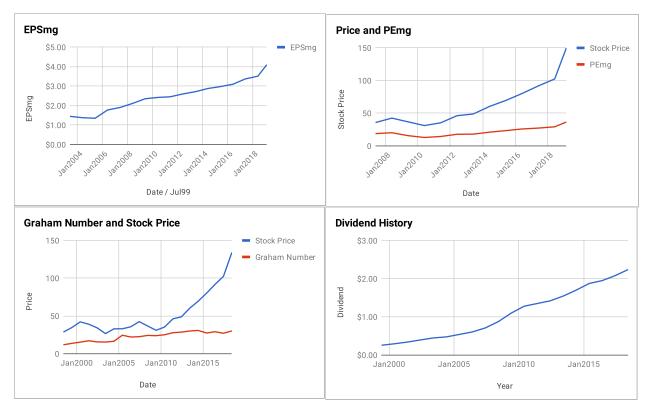
Useful Links:

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	Automatic Data Processing Inc Valuation – April 2018 \$ADP
ModernGraham posts about the	Automatic Data Processing Valuation – November 2016 \$ADP
company	Automatic Data Processing Valuation – May 2016 \$ADP
	Automatic Data Processing Analysis – September 2015 Update \$ADP
	Automatic Data Processing Analysis – June 2015 Update \$ADP

 Other
 Fiserv Inc Valuation – February 2019 \$FISV

 ModernGraham
 Rollins Inc Valuation – February 2019 \$ROL

 posts about related
 Iron Mountain Inc Valuation – February 2019 \$ROL

 iron Mountain Inc 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
 SCVG