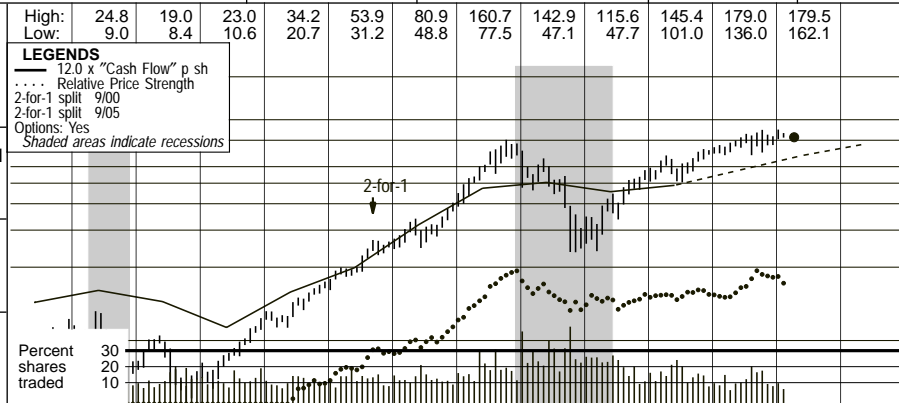


# PRECISION CASTPARTS NYSE-PCP

RECENT PRICE **165.26** P/E RATIO **18.1** (Trailing: 20.7; Median: 16.0) RELATIVE P/E RATIO **1.21** DIV'D YLD **0.1%** **VALUE LINE**

**TIMELINESS** 3 Lowered 5/14/10  
**SAFETY** 2 Raised 9/17/10  
**TECHNICAL** 3 Raised 1/27/12  
**BETA** 1.20 (1.00 = Market)



High:	24.8	19.0	23.0	34.2	53.9	80.9	160.7	142.9	115.6	145.4	179.0	179.5	Target Price Range
Low:	9.0	8.4	10.6	20.7	31.2	48.8	77.5	47.1	47.7	101.0	136.0	162.1	2015 2016 2017
													320
													200
													160
													120
													100
													80
													60
													40
													18

**2015-17 PROJECTIONS**

Price	Gain	Ann'l Total Return
High 240	(+45%)	10%
Low 180	(+10%)	3%

**Insider Decisions**

	A	M	J	J	A	S	O	N	D
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	1	0	0	6	0
to Sell	0	0	0	0	1	0	0	6	1

**Institutional Decisions**

	202011	302011	402011
to Buy	196	241	225
to Sell	244	230	269
Hlds(000)	134762	134221	133201

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
10.14	13.55	15.04	16.98	22.66	24.52	20.07	16.81	22.06	26.24	39.07	49.29	48.81	38.67	43.28	<b>49.85</b>	<b>57.95</b>	<b>64.15</b>	Sales per sh <sup>A</sup>	80.00
.98	1.33	1.60	1.66	2.27	2.59	2.29	1.73	2.54	3.32	5.30	7.89	8.43	7.61	8.16	<b>9.60</b>	<b>11.30</b>	<b>12.85</b>	"Cash Flow" per sh <sup>A</sup>	15.95
.67	.88	1.05	.91	1.29	1.62	1.51	1.18	1.80	2.57	4.45	6.89	7.38	6.50	7.01	<b>8.40</b>	<b>10.00</b>	<b>11.50</b>	Earnings per sh <sup>B</sup>	14.50
.06	.06	.06	.06	.06	.06	.06	.06	.06	.12	.12	.12	.12	.12	.12	.12	.12	.16	Div'ds Decl'd per sh <sup>C</sup>	.20
.55	.85	.76	.50	.88	1.20	.67	.51	.47	.73	1.61	1.63	1.46	1.19	.84	<b>.95</b>	<b>1.00</b>	<b>1.20</b>	Cap'l Spending per sh	1.75
5.26	6.12	7.13	7.85	8.78	9.12	10.06	13.25	13.46	15.84	20.67	29.10	34.74	41.53	49.83	<b>59.15</b>	<b>69.05</b>	<b>80.40</b>	Book Value per sh <sup>E</sup>	120.00
95.92	97.20	97.86	98.58	102.68	104.32	105.52	129.39	132.30	135.13	137.21	139.03	139.87	141.88	143.71	<b>145.00</b>	<b>145.00</b>	<b>145.00</b>	Common Shs Outst'g <sup>D</sup>	150.00
17.2	16.9	11.1	9.2	12.5	9.9	8.8	15.9	16.6	18.3	15.8	18.2	11.1	14.7	18.4	<b>Bold figures are Value Line estimates</b>			Avg Ann'l P/E Ratio	14.5
1.08	.97	.58	.52	.81	.51	.48	.91	.88	.97	.85	.97	.67	.98	1.17				Relative P/E Ratio	.95
.5%	.4%	.5%	.7%	.4%	.4%	.5%	.3%	.2%	.3%	.2%	.1%	.1%	.1%	.1%				Avg Ann'l Div'd Yield	.1%

**CAPITAL STRUCTURE as of 1/1/12**  
 Total Debt \$208.4 mill. Due in 5 Yrs \$208.4 mill.  
 LT Debt \$207.9 mill. LT Interest \$14.0 mill.  
 (Total interest coverage: over 25x)  
 (3% of Cap'l)

**Pension Assets-3/11** \$1.680 bill.  
**Oblig.** \$1.643 bill.

**Pfd Stock** None

**Common Stock** 145,162,488 shs.  
 As of 2/1/12

**Market Cap: \$24.0 billion (Large Cap)**

2117.2	2174.7	2919.0	3546.4	5361.2	6852.1	6827.9	5486.6	6220.1	<b>7225</b>	<b>8400</b>	<b>9300</b>	Sales (\$mill) <sup>A</sup>	12000
17.4%	17.5%	17.7%	18.5%	20.2%	24.0%	25.5%	28.8%	26.8%	<b>28.0%</b>	<b>29.5%</b>	<b>30.5%</b>	Operating Margin	31.5%
82.5	88.2	97.0	99.2	112.5	130.4	140.5	155.2	163.8	<b>175</b>	<b>185</b>	<b>190</b>	Depreciation (\$mill)	220
159.4	135.5	239.5	349.1	614.7	965.9	1038.1	925.1	1009.4	<b>1220</b>	<b>1450</b>	<b>1670</b>	Net Profit (\$mill)	2175
34.2%	35.7%	33.5%	31.6%	33.1%	33.9%	34.2%	34.5%	32.3%	<b>34.5%</b>	<b>34.5%</b>	<b>34.5%</b>	Income Tax Rate	34.5%
7.5%	6.2%	8.2%	9.8%	11.5%	14.1%	15.2%	16.9%	16.2%	<b>16.9%</b>	<b>17.3%</b>	<b>18.0%</b>	Net Profit Margin	18.1%
161.1	274.7	433.4	465.4	378.7	1167.5	1723.9	1628.3	2708.6	<b>3750</b>	<b>4980</b>	<b>6425</b>	Working Cap'l (\$mill)	8000
532.1	823.0	798.7	599.8	319.2	334.9	250.8	234.9	221.9	<b>200</b>	<b>180</b>	<b>160</b>	Long-Term Debt (\$mill)	100
1061.7	1714.6	1780.4	2140.5	2836.2	4045.0	4859.8	5891.7	7161.5	<b>8580</b>	<b>10015</b>	<b>11660</b>	Shr. Equity (\$mill)	18000
11.7%	6.4%	10.4%	13.5%	20.3%	22.5%	20.4%	15.2%	13.8%	<b>13.5%</b>	<b>14.5%</b>	<b>14.0%</b>	Return on Total Cap'l	12.0%
15.0%	7.9%	13.5%	16.3%	21.7%	23.9%	21.4%	15.7%	14.1%	<b>14.0%</b>	<b>14.5%</b>	<b>14.5%</b>	Return on Shr. Equity	12.0%
14.4%	7.5%	13.0%	15.8%	21.1%	23.5%	21.0%	15.4%	13.9%	<b>14.0%</b>	<b>14.5%</b>	<b>14.0%</b>	Retained to Com Eq	12.0%
4%	5%	3%	3%	3%	2%	2%	2%	2%	<b>1%</b>	<b>1%</b>	<b>1%</b>	All Div'ds to Net Prof	1%

**CURRENT POSITION**

(\$MILL.)	2009	2010	1/1/12
Cash Assets	112.4	1159.0	337.3
Receivables	851.3	978.7	1140.3
Inventory (LIFO)	1440.2	1459.4	1834.4
Other	118.2	53.5	63.2
Current Assets	2522.1	3650.6	3375.2
Accts Payable	583.9	607.8	671.2
Debt Due	15.1	14.7	.5
Other	294.8	319.5	342.5
Current Liab.	893.8	942.0	1014.2

**BUSINESS:** Precision Castparts Corp. makes complex metal components and products for aerospace and industrial markets. It has three main divisions: Investment Cast Products manufactures components for aerospace and industrial gas turbine (IGT) markets, Forged Components produces commercial and military aircraft parts, Fastener Products manufactures fasteners and other products for the aerospace industry. Fiscal 2010 revenue breakdown: 57% aerospace; 22% power generation, 21% general industrial. Has 18,300 employees. Off./dir. own less than 1% of the common stock (7/11 Proxy). Chairman and Chief Executive Officer: Mark Donegan, Inc.: Oregon. Address: 4650 S.W. Macadam, Portland, OR 97201. Telephone: (503) 417-4800. Internet: www.precast.com.

**Precision Castparts continues to benefit from high demand in the aerospace sector.** The company is on track to post a near 22% year-to-year share-earnings gain in the fiscal fourth quarter of 2011 (ends March 31st). The advance will likely be achieved on the strength of robust revenue growth, a favorable product mix, and cost control. The ongoing industrywide increase in aircraft build rates, particularly for Boeing's 787s, has been a significant top-line driver across the board.

**The fastener business has exhibited the most impressive advances.** Revenues there have been propelled by strong aerospace demand and solid contributions from the recent Primus acquisition. **Investment cast products are also tracking well.** This unit has benefited from higher aerospace orders and increased aftermarket activity, which pushed up industrial gas turbine sales. **In the forged segment, the diverse revenue base has been helpful.** The company benefited from a rise in contractual material pass-through pricing, as well as better pricing for external alloys.

Power generation and energy production customers also boosted orders. **The positive long-term outlook for industrial manufacturing, particularly in the aerospace sector, offers promise.** Despite current macroeconomic distractions, Precision Castparts profits have rebounded quickly since the recession and appear poised to rise handily in the years to come. Underlying fundamentals remain favorable for industrial activity. In addition, the company's emphasis on sectors of the economy with robust growth prospects augurs well for revenue and profit advances over the next 3 to 5 years. Meanwhile, management's effective cost discipline should support margin expansion of roughly 300 basis points over that span. **However, the equity is somewhat pricey.** The stock is trading at a P/E multiple that is higher than its historical average. As we do not foresee a potential earnings catalyst that would warrant a higher Target Price Range at this time, it appears that the current quotation already reflects much of the earnings growth we project out to 2015-2017.

**ANNUAL RATES** Past 10 Yrs. Past 5 Yrs. Est'd '08-'10 to '15-'17

of change (per sh)	10 Yrs.	5 Yrs.	to '15-'17
Sales	9.0%	15.0%	7.0%
"Cash Flow"	16.0%	26.0%	9.5%
Earnings	20.5%	30.5%	10.0%
Dividends	7.0%	8.5%	5.0%
Book Value	18.0%	24.5%	16.5%

**QUARTERLY SALES (\$mill.)<sup>A</sup>**

Fiscal Year Begins	Jun.Per	Sep.Per	Dec.Per	Mar.Per	Full Fiscal Year
2009	1375.7	1297.9	1372.2	1440.8	5486.6
2010	1446.8	1508.1	1590.3	1674.9	6220.1
2011	1675.3	1789.6	1816.8	<b>1943.3</b>	<b>7225</b>
2012	<b>1975</b>	<b>2050</b>	<b>2150</b>	<b>2225</b>	<b>8400</b>
2013	<b>2150</b>	<b>2275</b>	<b>2375</b>	<b>2500</b>	<b>9300</b>

**EARNINGS PER SHARE<sup>A,B</sup>**

Fiscal Year Begins	Jun.Per	Sep.Per	Dec.Per	Mar.Per	Full Fiscal Year
2009	1.70	1.54	1.61	1.66	6.50
2010	1.65	1.70	1.80	1.87	7.01
2011	1.97	2.03	2.12	<b>2.28</b>	<b>8.40</b>
2012	<b>2.35</b>	<b>2.40</b>	<b>2.55</b>	<b>2.70</b>	<b>10.00</b>
2013	<b>2.70</b>	<b>2.75</b>	<b>2.85</b>	<b>3.20</b>	<b>11.50</b>

**QUARTERLY DIVIDENDS PAID<sup>C</sup>**

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	.03	.03	.03	.03	.12
2009	.03	.03	.03	.03	.12
2010	.03	.03	.03	.03	.12
2011	.03	.03	.03	.03	.12
2012	.03	.03	.03	.03	.12

**Simon R. Shoucair**  
 March 16, 2012

(A) Fiscal year ends about March 31st of following calendar year. (B) Based on avg. shares out through '96, dil. after. Excl. n/r gains (losses): '95, 6¢; '96, (5¢); '98, 2¢; '99, (8¢); '00, (12¢); '01, (\$1.48); '02, (25¢); '03, (10¢); '07, (\$0.03). Excl. income(loss) from disc. ops.: '09, (5¢) '10, 3¢. May not sum to total due to rounding. Next egs. report due mid-May. (C) Dividends historically paid early Jan, March, June, and September. (D) In mill., adjusted for splits. (E) Incl. intangibles: In 2010, \$3.3 bill., \$23.27 a share.

**Company's Financial Strength** A++  
**Stock's Price Stability** 60  
**Price Growth Persistence** 100  
**Earnings Predictability** 75