

ModernGraham Valuation

Affiliated Managers
Group, Inc.



Company Name:

Company Ticker AMG

Date of Analysis

8/28/2015

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	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	Pass
3. Earnings Stability	Positive EPS for 10 years prior	Fail
4. Dividend Record	Dividend Payments for 10 years prior	Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	Pass
6. Moderate PEmg Ratio	PEmg < 20	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	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	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	Fail
3. Earnings Stability	Positive EPS for 5 years prior	Pass
4. Dividend Record	Currently Pays Dividend	Fail
5. Earnings Growth	EPSmg greater than 5 years ago	Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	8.06
MG Growth Estimate	15.00%
MG Value	\$310.46
MG Value based on 3% Growth	\$116.93
MG Value based on 0% Growth	\$68.54
Market Implied Growth Rate	7.37%

MG Opinion

Current Price	\$187.38
% of Intrinsic Value	60.35%
Opinion	Undervalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$63.13
PEmg	23.24
Current Ratio	2.21
PB Ratio	4.06
Dividend Yield	0.00%
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	\$11.92	Next Fiscal Year Estimate	\$8.06
Dec14	\$8.01	Dec14	\$5.67
Dec13	\$6.55	Dec13	\$4.15
Dec12	\$3.28	Dec12	\$2.67
Dec11	\$3.11	Dec11	\$2.36
Dec10	\$2.81	Dec10	\$2.15
Dec09	\$1.38	Dec09	\$2.05
Dec08	-\$0.03	Dec08	\$2.46
Dec07	\$4.55	Dec07	\$3.45
Dec06	\$3.74	Dec06	\$2.72
Dec05	\$2.81	Dec05	\$2.11
Dec04	\$2.02	Dec04	\$1.73
Dec03	\$1.57	Dec03	\$1.62
Dec02	\$1.65	Dec02	\$1.62
Dec01	\$1.47	Dec01	\$1.31
Dec00	\$1.66	Dec00	\$0.95
Dec99	\$2.12	Dec99	\$0.42
Dec98	\$0.89	Balance Sheet Information Jun15	
Dec97	-\$2.46	Total Current Assets	\$1,397,700,000
Dec96	-\$0.24	Total Current Liabilities	\$632,000,000
Dec95	\$0.00	Long-Term Debt	\$1,863,400,000
		Total Assets	\$7,678,800,000
		Intangible Assets	\$4,419,800,000
		Total Liabilities	\$5,027,700,000
		Shares Outstanding (Diluted Average)	57,500,000



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

#N/A

Other
ModernGraham
posts about related
companies

[Visa Inc. Analysis – August 2015 Update \\$V](#)
[Ameriprise Financial Inc. Analysis – August 2015 Update \\$AMP](#)
[SLM Corporation Analysis – August 2015 Update \\$SLM](#)
[Western Union Company Analysis – 2015 Update \\$WU](#)
[American Express Company Analysis – August 2015 Update \\$AXP](#)
[Main Street Capital Corporation Analysis – Initial Coverage \\$MAIN](#)
[BlackRock Inc. Analysis – July 2015 Update \\$BLK](#)
[Navient Corporation Analysis – Initial Coverage \\$NAV!](#)
[KKR & Co. LP Analysis – Initial Coverage \\$KKR](#)
[McGraw Hill Financial Inc. Analysis – 2015 Update \\$MHFI](#)