

ModernGraham Valuation

Company Name:

KeyCorp

Company Ticker KEY

Date of Analysis

8/23/2015



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass all 6 of the following tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	Pass
2. Earnings Stability	Positive EPS for 10 years prior	Fail
3. Dividend Record	Dividend Payments for 10 years prior	Pass
4. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	Pass
5. Moderate PEmg Ratio	PEmg < 20	Pass
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	Pass

Enterprising Investor; must pass all 3 of the following tests, or be suitable for the Defensive Investor.

1. Earnings Stability	Positive EPS for 5 years prior	Pass
2. Dividend Record	Currently Pays Dividend	Pass
3. Earnings Growth	EPSmg greater than 5 years ago	Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	0.81
MG Growth Estimate	15.00%
MG Value	\$31.24
MG Value based on 3% Growth	\$11.76
MG Value based on 0% Growth	\$6.90
Market Implied Growth Rate	4.25%

MG Opinion

Current Price	\$13.79
% of Intrinsic Value	44.15%
Opinion	Undervalued

Stage 3: Information for Further Research

PEmg	17.00
PB Ratio	1.10
Dividend Yield	1.96%
Number of Consecutive Years of Dividend Growth	5

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	\$0.53	Next Fiscal Year Estimate	\$0.81
Dec14	\$0.99	Dec14	\$0.91
Dec13	\$0.97	Dec13	\$0.64
Dec12	\$0.89	Dec12	\$0.08
Dec11	\$0.87	Dec11	-\$0.35
Dec10	\$0.44	Dec10	-\$0.67
Dec09	-\$2.34	Dec09	-\$0.69
Dec08	-\$3.36	Dec08	\$0.53
Dec07	\$2.32	Dec07	\$2.45
Dec06	\$2.57	Dec06	\$2.48
Dec05	\$2.73	Dec05	\$2.27
Dec04	\$2.30	Dec04	\$1.98
Dec03	\$2.12	Dec03	\$1.84
Dec02	\$2.27	Dec02	\$1.77
Dec01	\$0.31	Dec01	\$1.64
Dec00	\$2.30	Dec00	\$2.25
Dec99	\$2.45	Dec99	\$2.16
Dec98	\$2.23	Balance Sheet Information Jun15	
Dec97	\$2.07	Long-Term Debt	\$10,267,000,000
Dec96	\$1.69	Total Assets	\$94,606,000,000
Dec95	\$1.71	Intangible Assets	\$1,140,000,000
		Total Liabilities	\$84,016,000,000
		Shares Outstanding (Diluted Average)	846,312,000



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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[A Glimpse at the Banking Industry – May 2015](#)
[KeyCorp Quarterly Valuation – May 2015 \\$KEY](#)
[28 Companies in the Spotlight This Week – 2/28/15](#)
[KeyCorp Quarterly Valuation – February 2015 \\$KEY](#)

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[US Bancorp Analysis – August 2015 Update \\$USB](#)
[Comerica Incorporated Analysis – July 2015 Update \\$CMA](#)
[Starwood Property Trust Inc. Analysis – Initial Coverage \\$STWD](#)
[Fifth Third Bancorp Analysis – July 2015 Update \\$FITB](#)
[Huntington Bancshares Analysis – June 2015 Update \\$HBAN](#)
[JPMorgan Chase Analysis – June 2015 Update \\$JPM](#)
[Wells Fargo Stock Analysis – May 2015 Quarterly Update \\$WFC](#)