

ModernGraham Valuation

Company Name:

Company Ticker BK
Date of Analysis 10/5/2015

Bank of New York
Mellon Corp



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	\$43,374,858,365	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	-12.02%	Fail
5. Moderate PEmg Ratio	PEmg < 20	18.45	Pass
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.17	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	2.17
MG Growth Estimate	10.01%
MG Value	\$61.75
MG Value based on 3% Growth	\$31.41
MG Value based on 0% Growth	\$18.41
Market Implied Growth Rate	4.98%

MG Opinion

Current Price	\$39.97
% of Intrinsic Value	64.73%
Opinion	Undervalued

Stage 3: Information for Further Research

Graham Number	\$44.04
PEmg	18.45
PB Ratio	1.17
Dividend Yield	1.70%
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	\$2.67	Next Fiscal Year Estimate	\$2.17
Dec14	\$1.74	Dec14	\$1.94
Dec13	\$2.03	Dec13	\$1.82
Dec12	\$2.03	Dec12	\$1.56
Dec11	\$2.03	Dec11	\$1.30
Dec10	\$2.06	Dec10	\$1.17
Dec09	-\$1.16	Dec09	\$1.03
Dec08	\$1.20	Dec08	\$2.16
Dec07	\$2.18	Dec07	\$2.53
Dec06	\$3.94	Dec06	\$2.51
Dec05	\$2.03	Dec05	\$1.76
Dec04	\$1.85	Dec04	\$1.64
Dec03	\$1.52	Dec03	\$1.61
Dec02	\$1.24	Dec02	\$1.68
Dec01	\$1.81	Dec01	\$1.86
Dec00	\$1.92	Dec00	\$1.81
Dec99	\$2.27	Dec99	\$1.67
Dec98	\$1.53	Balance Sheet Information Jun15	
Dec97	\$1.36	Long-Term Debt	\$21,081,000,000
Dec96	\$1.21	Total Assets	\$395,254,000,000
Dec95	\$1.08	Intangible Assets	\$21,807,000,000
		Total Liabilities	\$356,984,000,000
		Shares Outstanding (Diluted Average)	1,122,135,000





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

- [The Best Stocks of the Financial Services Industry – September 2015](#)
- [The 9 Best Stocks For Value Investors This Week – 7/18/15](#)
- [Bank of New York Mellon Analysis – July 2015 Update \\$BK](#)
- [Bank of New York Mellon Quarterly Valuation – April 2015 \\$BK](#)
- [14 Companies in the Spotlight This Week – 1/11/14](#)

Other ModernGraham posts about related companies

- [T.Rowe Price Group Inc. Analysis – September 2015 Update \\$TROW](#)
- [Moody's Corporation Analysis – September 2015 Update \\$MCO](#)
- [The Best Stocks of the Financial Services Industry – September 2015](#)
- [Franklin Resources Inc. Analysis – September 2015 \\$BEN](#)
- [Northern Trust Corporation Analysis – September 2015 Update \\$NTRS](#)
- [Legg Mason Analysis – August 2015 Update \\$LM](#)
- [Capital One Financial Corporation Analysis – August 2015 Update \\$COF](#)
- [Affiliated Managers Group Analysis – Initial Coverage \\$AMG](#)
- [Visa Inc. Analysis – August 2015 Update \\$V](#)
- [Ameriprise Financial Inc. Analysis – August 2015 Update \\$AMP](#)