

ModernGraham Valuation

Company Name:

Company Ticker PFG
Date of Analysis

3/21/2016

Principal Financial
Group Inc



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	\$12,310,854,284	Pass
2. Earnings Stability	Positive EPS for 10 years prior		Pass
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	76.08%	Pass
5. Moderate PEmg Ratio	PEmg < 20	11.09	Pass
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.33	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	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	3.73
MG Growth Estimate	11.29%
MG Value	\$116.09
MG Value based on 3% Growth	\$54.15
MG Value based on 0% Growth	\$31.74
Market Implied Growth Rate	1.30%

MG Opinion

Current Price	\$41.43
% of Intrinsic Value	35.69%
Opinion	Undervalued
MG Grade	B+

Stage 3: Information for Further Research

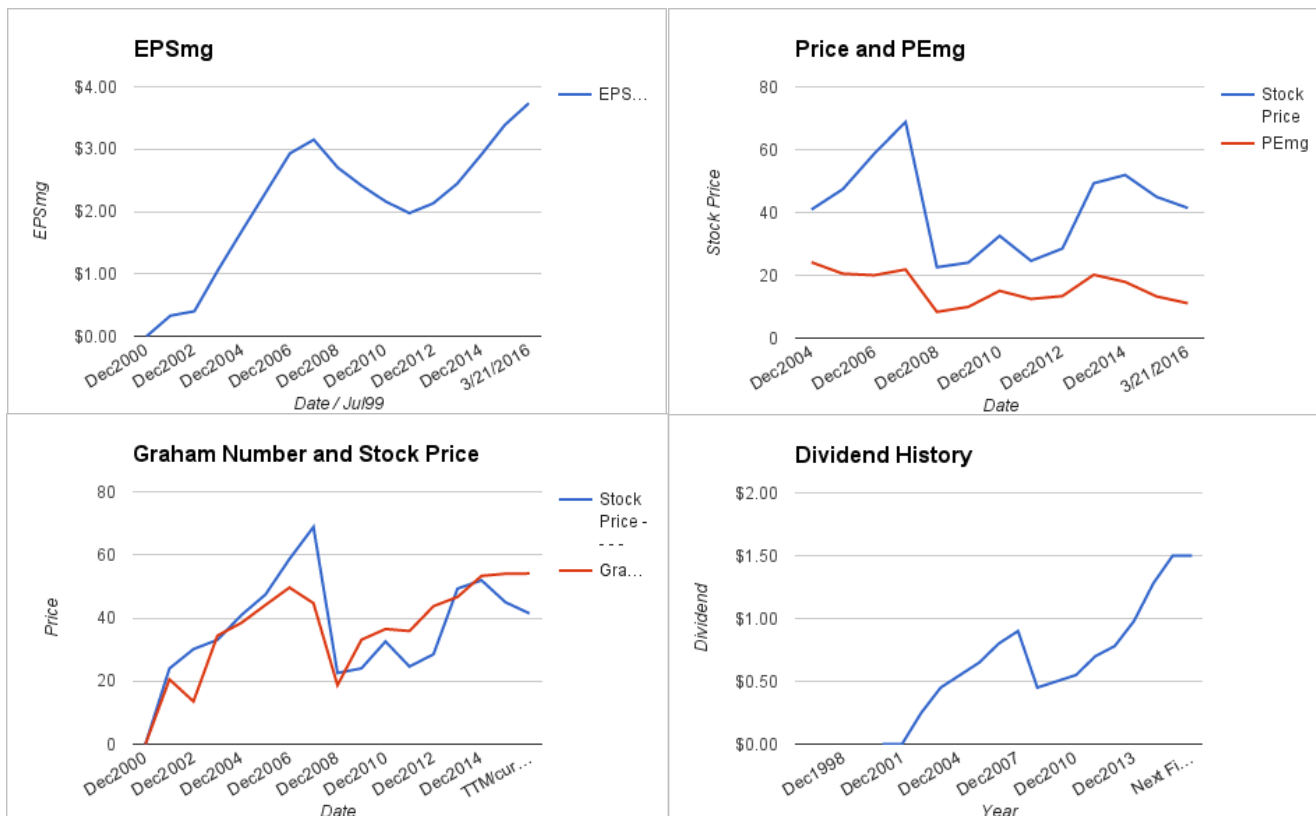
Graham Number	\$54.10
PEmg	11.09
PB Ratio	1.33
Dividend Yield	3.62%
Number of Consecutive Years of Dividend Growth	8

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	\$4.07	Next Fiscal Year Estimate	\$3.73
Dec2015	\$4.06	Dec2015	\$3.39
Dec2014	\$3.65	Dec2014	\$2.90
Dec2013	\$2.95	Dec2013	\$2.44
Dec2012	\$2.58	Dec2012	\$2.13
Dec2011	\$1.91	Dec2011	\$1.97
Dec2010	\$1.95	Dec2010	\$2.16
Dec2009	\$1.97	Dec2009	\$2.42
Dec2008	\$1.63	Dec2008	\$2.70
Dec2007	\$3.09	Dec2007	\$3.15
Dec2006	\$3.74	Dec2006	\$2.93
Dec2005	\$3.11	Dec2005	\$2.31
Dec2004	\$2.62	Dec2004	\$1.70
Dec2003	\$2.28	Dec2003	\$1.07
Dec2002	\$0.41	Dec2002	\$0.40
Dec2001	\$0.99	Dec2001	\$0.33
Dec2000	\$0.00	Dec2000	\$0.00
Dec1999	\$0.00	Balance Sheet Information	Dec2015
Dec1998	\$0.00	Long-Term Debt	\$3,290,800,000
Dec1997	\$0.00	Total Assets	\$218,685,900,000
Dec1996	\$0.00	Intangible Assets	\$2,368,200,000
		Total Liabilities	\$209,374,300,000
		Shares Outstanding (Diluted Average)	298,000,000





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
ModernGraham
posts about the
company

- [The Best Companies of the Insurance Industry – October 2015](#)
- [The 20 Best Stocks For Value Investors This Week – 8/15/15](#)
- [Principal Financial Group Analysis – August 2015 Update \\$PFG](#)
- [The Best Companies of the Insurance Industry – June 2015](#)
- [47 Companies in the Spotlight This Week – 5/16/15](#)

Other
ModernGraham
posts about related
companies

- [Assurant Inc Valuation – February 2016 \\$AIZ](#)
- [American International Group Inc Stock Valuation – February 2016 \\$AIG](#)
- [Chubb Ltd Stock Valuation – February 2016 \\$CB](#)
- [Prudential Financial Inc Valuation – February 2016 \\$PRU](#)
- [Anthem Inc Valuation – February 2016 \\$ANTM](#)
- [Aflac Inc Valuation – February 2016 \\$AFL](#)
- [MetLife Inc Valuation – February 2016 Update \\$MET](#)
- [Aetna Inc Valuation – February 2016 Update \\$AET](#)
- [Marsh & McLennan Company Valuation – January 2016 Update \\$MMC](#)
- [Aon PLC Valuation – January 2016 Update \\$AON](#)