

ModernGraham Valuation

Company Name:

ACE Limited

Company Ticker ACE

Date of Analysis

8/18/2015



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	Pass
3. Dividend Record	Dividend Payments for 10 years prior	Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	Pass
4. Earnings Growth	PEmg < 20	Pass
5. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	Pass
6. Moderate Price to Assets		

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	8.84
MG Growth Estimate	5.64%
MG Value	\$174.88
MG Value based on 3% Growth	\$128.17
MG Value based on 0% Growth	\$75.13
Market Implied Growth Rate	1.96%

MG Opinion

Current Price	\$109.83
% of Intrinsic Value	62.80%
Opinion	Undervalued

Stage 3: Information for Further Research

PEmg	12.43
PB Ratio	1.22
Dividend Yield	2.98%
Number of Consecutive Years of Dividend Growth	2

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	\$9.17	Next Fiscal Year Estimate	\$8.84
Dec14	\$8.42	Dec14	\$8.51
Dec13	\$10.92	Dec13	\$8.37
Dec12	\$7.89	Dec12	\$6.90
Dec11	\$4.52	Dec11	\$6.42
Dec10	\$9.11	Dec10	\$7.23
Dec09	\$7.55	Dec09	\$6.12
Dec08	\$3.50	Dec08	\$5.29
Dec07	\$7.66	Dec07	\$5.93
Dec06	\$6.91	Dec06	\$4.68
Dec05	\$3.31	Dec05	\$3.17
Dec04	\$3.88	Dec04	\$2.80
Dec03	\$5.25	Dec03	\$2.10
Dec02	\$0.27	Dec02	\$0.79
Dec01	-\$0.78	Dec01	\$1.30
Dec00	\$2.31	Dec00	\$2.39
Dec99	\$1.85	Dec99	\$2.44
Sep98	\$2.96	Balance Sheet Information Jun15 Long-Term Debt \$4,157,000,000 Total Assets \$99,840,000,000 Intangible Assets \$5,969,000,000 Total Liabilities \$70,285,000,000 Shares Outstanding (Diluted Average) 328,686,000	
Sep97	\$2.69		
Sep96	\$2.69		
Sep95	\$2.00		



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

[10 Companies Benjamin Graham Would Invest In Today – June 2015](#)
[The Best Companies of the Insurance Industry – June 2015](#)
[5 Undervalued Companies for the Defensive Investor Near 52 Week Lows – June 2015](#)
[5 Low PEmg Stocks for the Defensive Investor – May 2015](#)
[30 Companies in the Spotlight This Week – 5/23/15](#)

Other
ModernGraham
posts about related
companies

[Travelers Companies Analysis – August 2015 Update \\$TRV](#)
[Lincoln National Corporation Analysis – August 2015 Update \\$LNC](#)
[Unum Group Analysis – August 2015 Update \\$UNM](#)
[Principal Financial Group Analysis – August 2015 Update \\$PFG](#)
[Assurant Inc. Analysis – August 2015 Update \\$AIZ](#)
[Arthur J Gallagher & Company Analysis – Initial Coverage \\$AJG](#)
[American International Group Inc. Analysis – August 2015 Update \\$AIG](#)
[Aspen Insurance Holdings Limited Analysis – Initial Coverage \\$AHL](#)
[Cincinnati Financial Corporation Analysis – August 2015 Update \\$CINF](#)
[American Financial Group Inc. Analysis – Initial Coverage \\$AFG](#)