

ModernGraham Valuation

Company Name: Lincoln National Corporation

Company Ticker LNC

Date of Analysis

8/13/2015



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
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	Pass
4. Earnings Growth		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	5.48
MG Growth Estimate	15.00%
MG Value	\$211.11
MG Value based on 3% Growth	\$79.51
MG Value based on 0% Growth	\$46.61
Market Implied Growth Rate	0.86%

MG Opinion

Current Price	\$56.09
% of Intrinsic Value	26.57%
Opinion	Undervalued

Stage 3: Information for Further Research

PEmg	10.23
PB Ratio	0.97
Dividend Yield	1.28%
Number of Consecutive Years of Dividend Growth	6

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Google Finance	MSN Money
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GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$7.24	Next Fiscal Year Estimate	\$5.48
Dec14	\$5.67	Dec14	\$4.25
Dec13	\$4.52	Dec13	\$3.04
Dec12	\$4.56	Dec12	\$1.93
Dec11	\$0.69	Dec11	\$0.80
Dec10	\$2.30	Dec10	\$1.25
Dec09	-\$1.85	Dec09	\$1.33
Dec08	\$0.22	Dec08	\$3.17
Dec07	\$4.43	Dec07	\$4.51
Dec06	\$5.13	Dec06	\$4.16
Dec05	\$4.72	Dec05	\$3.42
Dec04	\$3.95	Dec04	\$2.71
Dec03	\$2.85	Dec03	\$2.15
Dec02	\$0.26	Dec02	\$1.93
Dec01	\$2.85	Dec01	\$2.85
Dec00	\$3.03	Dec00	\$2.89
Dec99	\$2.30	Dec99	\$2.81
Dec98	\$2.51	Balance Sheet Information Jun15	
Dec97	\$4.49	Long-Term Debt	\$5,529,000,000
Dec96	\$2.44	Total Assets	\$255,214,000,000
Dec95	\$2.32	Intangible Assets	\$11,423,000,000
		Total Liabilities	\$240,515,000,000
		Shares Outstanding (Diluted Average)	255,140,000



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.

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