

ModernGraham Valuation

Company Name:

Progressive Corp

Company Ticker

PGR

Date of Analysis

8/19/2015



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	Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	Pass
4. Earnings Growth		
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	1.91
MG Growth Estimate	5.87%
MG Value	\$38.57
MG Value based on 3% Growth	\$27.64
MG Value based on 0% Growth	\$16.20
Market Implied Growth Rate	3.96%

MG Opinion

Current Price	\$31.28
% of Intrinsic Value	81.09%
Opinion	Fairly Valued

Stage 3: Information for Further Research

PEmg	16.41
PB Ratio	2.51
Dividend Yield	2.19%
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	\$1.93	Next Fiscal Year Estimate	\$1.91
Dec14	\$2.15	Dec14	\$1.85
Dec13	\$1.93	Dec13	\$1.68
Dec12	\$1.48	Dec12	\$1.44
Dec11	\$1.59	Dec11	\$1.37
Dec10	\$1.61	Dec10	\$1.30
Dec09	\$1.57	Dec09	\$1.22
Dec08	-\$0.10	Dec08	\$1.19
Dec07	\$1.65	Dec07	\$1.81
Dec06	\$2.10	Dec06	\$1.79
Dec05	\$1.74	Dec05	\$1.50
Dec04	\$1.91	Dec04	\$1.23
Dec03	\$1.42	Dec03	\$0.79
Dec02	\$0.75	Dec02	\$0.46
Dec01	\$0.46	Dec01	\$0.33
Dec00	\$0.05	Dec00	\$0.29
Dec99	\$0.33	Dec99	\$0.40
Dec98	\$0.51	Balance Sheet Information Jun15	
Dec97	\$0.44	Long-Term Debt	\$2,739,000,000
Dec96	\$0.34	Total Assets	\$29,304,200,000
Dec95	\$0.27	Intangible Assets	\$998,900,000
		Total Liabilities	\$21,944,400,000
		Shares Outstanding (Diluted Average)	589,500,000



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

[30 Companies in the Spotlight This Week – 5/23/15](#)
[Progressive Corporation Quarterly Valuation – May 2015 \\$PGR](#)
[5 Undervalued Companies to Research with a Low Beta – May 2015](#)
[40 Companies in the Spotlight This Week – 2/21/15](#)
[Progressive Corporation Quarterly Valuation – February 2015 \\$PGR](#)

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[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](#)