

# ModernGraham Valuation

Company Name: **Travelers Companies Inc**

Company Ticker TRV

Date of Analysis

8/15/2015



## 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
4. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	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

<b>Defensive</b>	<b>Yes</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	8.88
MG Growth Estimate	10.37%
<b>MG Value</b>	<b>\$259.72</b>
MG Value based on 3% Growth	\$128.79
MG Value based on 0% Growth	\$75.50
Market Implied Growth Rate	1.81%

### MG Opinion

Current Price	\$107.71
% of Intrinsic Value	41.47%
<b>Opinion</b>	<b>Undervalued</b>

## Stage 3: Information for Further Research

PEmg	12.13
PB Ratio	1.42
Dividend Yield	2.10%
Number of Consecutive Years of Dividend Growth	10

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$9.05	Next Fiscal Year Estimate	\$8.88
Dec14	\$10.70	Dec14	\$8.31
Dec13	\$9.74	Dec13	\$6.90
Dec12	\$6.30	Dec12	\$5.49
Dec11	\$3.36	Dec11	\$5.25
Dec10	\$6.62	Dec10	\$6.17
Dec09	\$6.33	Dec09	\$5.71
Dec08	\$4.82	Dec08	\$5.03
Dec07	\$6.86	Dec07	\$4.71
Dec06	\$5.91	Dec06	\$3.32
Dec05	\$2.33	Dec05	\$1.50
Dec04	\$1.53	Dec04	\$1.01
Dec03	\$2.72	Dec03	\$0.90
Dec02	\$0.92	Dec02	\$0.24
Dec01	-\$5.22	Dec01	\$0.37
Dec00	\$4.24	Dec00	\$3.06
Dec99	\$3.41	Dec99	\$2.51
Dec98	\$0.32	<b>Balance Sheet Information Jun15</b>	
Dec97	\$3.83	Long-Term Debt	\$6,350,000,000
Dec96	\$2.47	Total Assets	\$101,664,000,000
Dec95	\$2.84	Intangible Assets	\$3,878,000,000
		Total Liabilities	\$77,543,000,000
		Shares Outstanding (Diluted Average)	318,000,000



**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**

- [10 Most Undervalued Companies for the Defensive Investor – August 2015](#)
- [5 Undervalued Dow Stocks to Research – August 2015](#)
- [5 Low PE Stocks for the Defensive Investor – July 2015](#)
- [5 Undervalued Dow Stocks to Research – July 2015](#)
- [The Best Companies of the Insurance Industry – June 2015](#)

**Other  
ModernGraham  
posts about related  
companies**

- [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](#)
- [Allstate Corporation Analysis – July 2015 Update \\$ALL](#)