

ModernGraham Valuation

Company Name:

Company Ticker BEN

Date of Analysis

Franklin Resources,
Inc.

9/4/2015



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	Pass
3. Earnings Stability	Positive EPS for 10 years prior	Pass
4. Dividend Record	Dividend Payments for 10 years prior	Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	Pass
6. Moderate PEmg Ratio	PEmg < 20	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	Pass

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	Pass
3. Earnings Stability	Positive EPS for 5 years prior	Pass
4. Dividend Record	Currently Pays Dividend	Pass
5. Earnings Growth	EPSmg greater than 5 years ago	Pass

Suitability

Defensive	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.41
MG Growth Estimate	7.97%
MG Value	\$83.40
MG Value based on 3% Growth	\$49.50
MG Value based on 0% Growth	\$29.02
Market Implied Growth Rate	1.48%

MG Opinion

Current Price	\$39.11
% of Intrinsic Value	46.90%
Opinion	Undervalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$13.54
Graham Number	\$38.91
PEmg	11.46
Current Ratio	17.23
PB Ratio	1.99
Dividend Yield	1.46%
Number of Consecutive Years of Dividend Growth	20

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	\$3.42	Next Fiscal Year Estimate	\$3.41
Sep14	\$3.79	Sep14	\$3.28
Sep13	\$3.37	Sep13	\$2.86
Sep12	\$2.98	Sep12	\$2.50
Sep11	\$2.87	Sep11	\$2.23
Sep10	\$2.11	Sep10	\$1.91
Sep09	\$1.28	Sep09	\$1.80
Sep08	\$2.22	Sep08	\$1.93
Sep07	\$2.34	Sep07	\$1.65
Sep06	\$1.62	Sep06	\$1.21
Sep05	\$1.35	Sep05	\$0.94
Sep04	\$0.92	Sep04	\$0.73
Sep03	\$0.66	Sep03	\$0.63
Sep02	\$0.55	Sep02	\$0.63
Sep01	\$0.64	Sep01	\$0.65
Sep00	\$0.76	Sep00	\$0.67
Sep99	\$0.56	Sep99	\$0.61
Sep98	\$0.66	Balance Sheet Information Jun15	
Sep97	\$0.57	Total Current Assets	\$12,901,100,000
Sep96	\$0.83	Total Current Liabilities	\$748,700,000
Sep95	\$0.36	Long-Term Debt	\$2,203,500,000
		Total Assets	\$16,670,300,000
		Intangible Assets	\$2,285,800,000
		Total Liabilities	\$4,584,800,000
		Shares Outstanding (Diluted Average)	614,200,000



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

[10 Low PE Stocks for the Defensive Investor – August 2015](#)

[5 Undervalued Companies for the Defensive Investor Near 52 Week Lows – August 2015 \\$BEN \\$RL \\$FOSL \\$PWR \\$CMI](#)

[5 Undervalued Companies for the Defensive Investor Near 52 Week Lows – July 2015](#)

[The 8 Best Stocks For Value Investors This Week – 6/6/15](#)

[Franklin Resources Inc. Analysis – June 2015 Quarterly Update \\$BEN](#)

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[Legg Mason Analysis – August 2015 Update \\$LM](#)

[Capital One Financial Corporation Analysis – August 2015 Update \\$COF](#)

[Affiliated Managers Group Analysis – Initial Coverage \\$AMG](#)

[Visa Inc. Analysis – August 2015 Update \\$V](#)

[Ameriprise Financial Inc. Analysis – August 2015 Update \\$AMP](#)

[SLM Corporation Analysis – August 2015 Update \\$SLM](#)

[Western Union Company Analysis – 2015 Update \\$WU](#)

[American Express Company Analysis – August 2015 Update \\$AXP](#)

[Main Street Capital Corporation Analysis – Initial Coverage \\$MAIN](#)