

# ModernGraham Valuation

## Company Name:

Company Ticker HAR

Date of Analysis

9/11/2015

Harman International  
Industries Inc./DE/



## 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	\$7,009,694,639	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.39	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. 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	-2060.81%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	21.06	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.99	Fail

*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	1.39	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.30	Fail
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

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$4.64
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$178.74</b>
MG Value based on 3% Growth	\$67.32
MG Value based on 0% Growth	\$39.46
Market Implied Growth Rate	6.28%

### MG Opinion

Current Price	\$97.79
% of Intrinsic Value	54.71%
<b>Opinion</b>	<b>Undervalued</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$8.36
Graham Number	\$68.80
PEmg	21.06
Current Ratio	1.39
PB Ratio	2.99
Dividend Yield	1.35%
Number of Consecutive Years of Dividend Growth	6

### 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	\$6.31	Next Fiscal Year Estimate	\$4.64
Jun15	\$4.84	Jun15	\$3.65
Jun14	\$3.36	Jun14	\$2.98
Jun13	\$2.04	Jun13	\$2.10
Jun12	\$4.57	Jun12	\$1.64
Jun11	\$1.90	Jun11	\$0.34
Jun10	\$2.25	Jun10	\$0.06
Jun09	-\$7.19	Jun09	-\$0.27
Jun08	\$1.73	Jun08	\$3.18
Jun07	\$4.72	Jun07	\$3.64
Jun06	\$3.75	Jun06	\$2.85
Jun05	\$3.31	Jun05	\$2.16
Jun04	\$2.27	Jun04	\$1.47
Jun03	\$1.55	Jun03	\$0.99
Jun02	\$0.85	Jun02	\$0.68
Jun01	\$0.48	Jun01	\$0.61
Jun00	\$1.03	Jun00	\$0.67
Jun99	\$0.16	<b>Balance Sheet Information</b>	<b>Jun15</b>
Jun98	\$0.67	Total Current Assets	\$2,948,770,000
Jun97	\$0.74	Total Current Liabilities	\$2,120,368,000
Jun96	\$0.79	Long-Term Debt	\$1,080,667,000
		Total Assets	\$5,929,752,000
		Intangible Assets	\$1,956,847,000
		Total Liabilities	\$3,555,139,000
		Shares Outstanding (Diluted Average)	72,514,000





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

[Harman International Industries Analysis – June 2015 Quarterly Update \\$HAR](#)  
[23 Companies in the Spotlight This Week – 3/9/15](#)  
[Harman International Industries Inc. Quarterly Valuation – March 2015 \\$HAR](#)  
[32 Companies in the Spotlight This Week – 12/6/14](#)  
[Harman International Industries Inc. Quarterly Valuation – December 2014 \\$HAR](#)

Other  
ModernGraham  
posts about related  
companies

[Genuine Parts Company Analysis – September 2015 Update \\$GPC](#)  
[Ford Motor Company Analysis – August 2015 Update \\$F](#)  
[Advance Auto Parts Inc. Analysis – Initial Coverage \\$AAP](#)  
[General Motors Company Analysis – 2015 Update \\$GM](#)  
[BorgWarner Inc. Analysis – July 2015 Update \\$BWA](#)  
[Paccar Inc. Analysis – July 2015 Update \\$PCAR](#)  
[Harley Davidson Analysis – June 2015 Update \\$HOG](#)  
[Delphi Automotive Analysis – 2015 Update \\$DLPH](#)  
[Genuine Parts Company Analysis – June 2015 Quarterly Update \\$GPC](#)  
[Harman International Industries Analysis – June 2015 Quarterly Update \\$HAR](#)