

ModernGraham Valuation

Company Name:

Northern Trust
Corporation

Company Ticker

NTRS

Date of Analysis

9/3/2015



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	Fail
5. Moderate PEmg Ratio	PEmg < 20	Fail
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	3.33
MG Growth Estimate	2.43%
MG Value	\$44.50
MG Value based on 3% Growth	\$48.28
MG Value based on 0% Growth	\$28.30
Market Implied Growth Rate	6.21%

MG Opinion

Current Price	\$69.63
% of Intrinsic Value	156.47%
Opinion	Overvalued

Stage 3: Information for Further Research

Graham Number	\$57.28
PEmg	20.91
PB Ratio	1.87
Dividend Yield	1.94%
Number of Consecutive Years of Dividend Growth	4

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	\$3.92	Next Fiscal Year Estimate	\$3.33
Dec14	\$3.32	Dec14	\$2.98
Dec13	\$2.99	Dec13	\$2.82
Dec12	\$2.81	Dec12	\$2.80
Dec11	\$2.47	Dec11	\$2.86
Dec10	\$2.74	Dec10	\$3.08
Dec09	\$3.16	Dec09	\$3.20
Dec08	\$3.47	Dec08	\$3.12
Dec07	\$3.24	Dec07	\$2.83
Dec06	\$3.00	Dec06	\$2.53
Dec05	\$2.64	Dec05	\$2.25
Dec04	\$2.27	Dec04	\$2.05
Dec03	\$1.80	Dec03	\$1.94
Dec02	\$1.97	Dec02	\$1.97
Dec01	\$2.11	Dec01	\$1.90
Dec00	\$2.08	Dec00	\$1.71
Dec99	\$1.74	Dec99	\$1.46
Dec98	\$1.52	Balance Sheet Information Jun15	
Dec97	\$1.33	Long-Term Debt	\$6,459,700,000
Dec96	\$1.11	Total Assets	\$119,942,900,000
Dec95	\$0.93	Intangible Assets	\$534,300,000
		Total Liabilities	\$111,193,600,000
		Shares Outstanding (Diluted Average)	235,233,000



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

[5 Speculative and Overvalued Companies to Avoid – November 2014](#)
[20 Companies to Research This Week – 9/6/14](#)
[Northern Trust Corporation Annual Stock Valuation – 2014 \\$NTRS](#)

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[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](#)
[BlackRock Inc. Analysis – July 2015 Update \\$BLK](#)