

# ModernGraham Valuation

Company Name:

Wells Fargo & Co

Company Ticker WFC

Date of Analysis

9/1/2015



## 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	3.86
MG Growth Estimate	12.19%
<b>MG Value</b>	<b>\$127.08</b>
MG Value based on 3% Growth	\$56.03
MG Value based on 0% Growth	\$32.84
Market Implied Growth Rate	2.37%

### MG Opinion

Current Price	\$51.13
% of Intrinsic Value	40.23%

**Opinion** **Undervalued**

## Stage 3: Information for Further Research

Graham Number	\$57.66
PEmg	13.23
PB Ratio	1.41
Dividend Yield	2.79%
Number of Consecutive Years of Dividend Growth	5

### 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	\$4.07	Next Fiscal Year Estimate	\$3.86
Dec14	\$4.10	Dec14	\$3.60
Dec13	\$3.89	Dec13	\$3.17
Dec12	\$3.36	Dec12	\$2.59
Dec11	\$2.82	Dec11	\$2.13
Dec10	\$2.21	Dec10	\$1.83
Dec09	\$1.75	Dec09	\$1.73
Dec08	\$0.70	Dec08	\$1.80
Dec07	\$2.38	Dec07	\$2.30
Dec06	\$2.49	Dec06	\$2.19
Dec05	\$2.25	Dec05	\$1.94
Dec04	\$2.05	Dec04	\$1.69
Dec03	\$1.83	Dec03	\$1.46
Dec02	\$1.58	Dec02	\$1.21
Dec01	\$0.99	Dec01	\$1.00
Dec00	\$1.17	Dec00	\$0.97
Dec99	\$1.12	Dec99	\$0.85
Dec98	\$0.59	<b>Balance Sheet Information Jun15</b>	
Dec97	\$0.88	Long-Term Debt	\$179,751,000,000
Dec96	\$0.77	Total Assets	\$1,720,617,000,000
Dec95	\$0.68	Intangible Assets	\$39,628,000,000
		Total Liabilities	\$1,531,059,000,000
		Shares Outstanding (Diluted Average)	5,220,500,000



**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:

**Other  
ModernGraham  
posts about the  
company**

[10 Undervalued Companies for the Defensive Dividend Stock Investor – August 2015](#)

[The 12 Best Stocks For Value Investors This Week – 5/30/15](#)

[Wells Fargo Stock Analysis – May 2015 Quarterly Update \\$WFC](#)

[A Glimpse at the Banking Industry – May 2015](#)

[5 Most Undervalued Companies for the Defensive Investor – March 2015](#)

**Other  
ModernGraham  
posts about related  
companies**

[People's United Financial Inc. Analysis – August 2015 Update \\$PBCT](#)

[M&T Bank Corporation Analysis – August 2015 Update \\$MTB](#)

[KeyCorp Analysis – August 2015 Update \\$KEY](#)

[State Street Corporation Analysis – August 2015 Update \\$STT](#)

[BB&T Corporation Analysis – August 2015 Update \\$BBT](#)

[PNC Financial Services Group Inc. Analysis – August 2015 Update \\$PNC](#)

[US Bancorp Analysis – August 2015 Update \\$USB](#)

[Comerica Incorporated Analysis – July 2015 Update \\$CMA](#)

[Starwood Property Trust Inc. Analysis – Initial Coverage \\$STWD](#)

[Fifth Third Bancorp Analysis – July 2015 Update \\$FITB](#)