

# ModernGraham Valuation

Company Name:

Harley-Davidson Inc

Company Ticker

HOG

Date of Analysis

10/1/2015



## 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	\$10,983,948,961	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.86	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	4.78%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	15.46	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.72	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	1.86	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.10	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>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$3.49
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$134.37</b>
MG Value based on 3% Growth	\$50.61
MG Value based on 0% Growth	\$29.67
Market Implied Growth Rate	3.48%

### MG Opinion

Current Price	\$53.94
% of Intrinsic Value	40.14%
<b>Opinion</b>	<b>Undervalued</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$13.64
Graham Number	\$35.25
PEmg	15.46
Current Ratio	1.86
PB Ratio	3.72
Dividend Yield	2.17%
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	\$3.80	Next Fiscal Year Estimate	\$3.49
Dec14	\$3.88	Dec14	\$3.09
Dec13	\$3.28	Dec13	\$2.40
Dec12	\$2.72	Dec12	\$1.86
Dec11	\$2.55	Dec11	\$1.59
Dec10	\$0.62	Dec10	\$1.46
Dec09	-\$0.24	Dec09	\$2.16
Dec08	\$2.79	Dec08	\$3.37
Dec07	\$3.74	Dec07	\$3.54
Dec06	\$3.93	Dec06	\$3.28
Dec05	\$3.41	Dec05	\$2.79
Dec04	\$3.00	Dec04	\$2.31
Dec03	\$2.50	Dec03	\$1.83
Dec02	\$1.90	Dec02	\$1.40
Dec01	\$1.43	Dec01	\$1.08
Dec00	\$1.13	Dec00	\$0.86
Dec99	\$0.87	Dec99	\$0.68
Dec98	\$0.69	<b>Balance Sheet Information Jun15</b>	
Dec97	\$0.57	Total Current Assets	\$4,696,390,000
Dec96	\$0.55	Total Current Liabilities	\$2,522,724,000
Dec95	\$0.38	Long-Term Debt	\$4,560,349,000
		Total Assets	\$10,564,870,000
		Intangible Assets	\$26,105,000
		Total Liabilities	\$7,541,245,000
		Shares Outstanding (Diluted Average)	208,590,000





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

[Harley Davidson Analysis – June 2015 Update \\$HOG](#)

[5 Undervalued Companies for Enterprising Investors Near 52 Week Lows – June 2015](#)

[24 Companies in the Spotlight This Week – 3/28/15](#)

[Harley-Davidson Inc. Quarterly Valuation – March 2015 \\$HOG](#)

[15 Companies in the Spotlight This Week – 12/27/14](#)

Other  
ModernGraham  
posts about related  
companies

[Harman International Industries Analysis – September 2015 Update \\$HAR](#)

[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](#)