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.

 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 Increase of 33% in EPS in past 10 years using 3 year averages at	Pass
5. Earnings Growth	beginning and end	4.78% Fail
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

Defensive No Enterprising Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.49
MG Growth Estimate	15.00%
MG Value	\$134.37
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% Opinion Undervalued

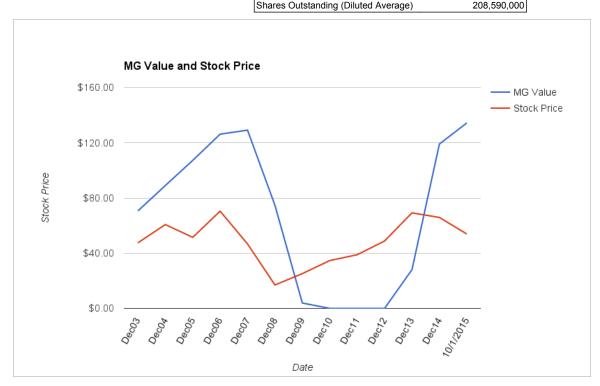
Stage 3: Information for Further Research

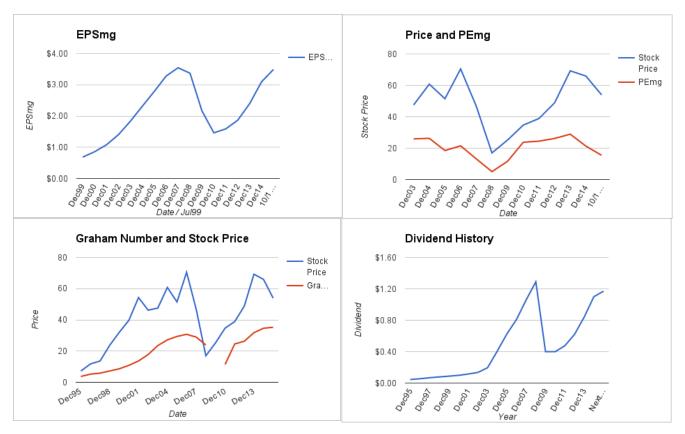
Net Current Asset Value (NCAV)	-\$13.64
Graham Number	\$35.25
PEmg	15.46
Current Ratio	1.86
PB Ratio	3.72
Dividend Yield	2.17%
Number of Consecutive Years of Dividend Growth	5

Useful Links: ModernGraham tagged articles

Morningstar Google Finance MSN Money Yahoo Finance Seeking Alpha SEC Filings GuruFocus

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	Balance Sheet Information	Jun15
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

2013

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