

# ModernGraham Valuation

Company Name:

Humana Inc

Company Ticker HUM

Date of Analysis

10/21/2015



## 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	\$26,765,419,978	Pass
2. Earnings Stability	Positive EPS for 10 years prior		Pass
3. 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	106.19%	Pass
4. Earnings Growth	PEmg < 20	22.24	Fail
5. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.68	Fail
6. Moderate Price to Assets			

*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>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	8.04
MG Growth Estimate	3.23%
<b>MG Value</b>	<b>\$120.30</b>
MG Value based on 3% Growth	\$116.56
MG Value based on 0% Growth	\$68.33
Market Implied Growth Rate	6.87%

### MG Opinion

Current Price	\$178.74
% of Intrinsic Value	148.57%
<b>Opinion</b>	<b>Overvalued</b>

## Stage 3: Information for Further Research

Graham Number	\$116.81
PEmg	22.24
PB Ratio	2.68
Dividend Yield	0.63%
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	\$8.91	Next Fiscal Year Estimate	\$8.04
Dec14	\$7.36	Dec14	\$7.57
Dec13	\$7.73	Dec13	\$7.53
Dec12	\$7.47	Dec12	\$7.12
Dec11	\$8.46	Dec11	\$6.61
Dec10	\$6.47	Dec10	\$5.41
Dec09	\$6.15	Dec09	\$4.56
Dec08	\$3.83	Dec08	\$3.53
Dec07	\$4.91	Dec07	\$3.11
Dec06	\$2.90	Dec06	\$2.05
Dec05	\$1.87	Dec05	\$1.52
Dec04	\$1.72	Dec04	\$1.24
Dec03	\$1.38	Dec03	\$0.74
Dec02	\$0.83	Dec02	\$0.32
Dec01	\$0.70	Dec01	\$0.09
Dec00	\$0.54	Dec00	-\$0.13
Dec99	-\$2.28	Dec99	-\$0.26
Dec98	\$0.77	<b>Balance Sheet Information Jun15</b>	
Dec97	\$1.05	Long-Term Debt	\$3,823,000,000
Dec96	\$0.07	Total Assets	\$25,384,000,000
Dec95	\$1.16	Intangible Assets	\$3,266,000,000
		Total Liabilities	\$15,301,000,000
		Shares Outstanding (Diluted Average)	151,148,000





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

[Humana Inc. Analysis – July 2015 Update \\$HUM](#)  
[Humana Inc. Quarterly Valuation – April 2015 \\$HUM](#)  
[58 Companies in the Spotlight This Week – 1/31/15](#)  
[Humana Inc. Quarterly Valuation – January 2015 \\$HUM](#)  
[18 Companies in the Spotlight This Week – 10/25/14](#)

Other  
ModernGraham  
posts about related  
companies

[Torchmark Corporation Valuation – October 2015 Update \\$TMK](#)  
[MetLife Inc. Valuation – October 2015 Update \\$MET](#)  
[Aetna Inc. Valuation – October 2015 Update \\$AET](#)  
[Cigna Corporation Analysis – October 2015 Update \\$CI](#)  
[The Best Companies of the Insurance Industry – October 2015](#)  
[Chubb Corporation Analysis – September 2015 Update \\$CB](#)  
[Anthem Inc. Analysis – September 2015 Update \\$ANTM](#)  
[Aflac Inc. Analysis – September 2015 Update \\$AFL](#)  
[Marsh & McLennan Companies Analysis – September 2015 Update \\$MMC](#)  
[Berkshire Hathaway Analysis – August 2015 Update \\$BRK/B](#)