

ModernGraham Valuation

Company Name:

Torchmark
Corporation

Company Ticker TMK

Date of Analysis

10/16/2015



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	\$7,292,974,507	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	70.55%	Pass
5. Moderate PEmg Ratio	PEmg < 20	15.02	Pass
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.73	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	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	3.88
MG Growth Estimate	7.17%
MG Value	\$88.64
MG Value based on 3% Growth	\$56.27
MG Value based on 0% Growth	\$32.99
Market Implied Growth Rate	3.26%

MG Opinion

Current Price	\$58.29
% of Intrinsic Value	65.76%
Opinion	Undervalued

Stage 3: Information for Further Research

Graham Number	\$55.97
PEmg	15.02
PB Ratio	1.73
Dividend Yield	0.90%
Number of Consecutive Years of Dividend Growth	10

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	\$4.05	Next Fiscal Year Estimate	\$3.88
Dec14	\$4.09	Dec14	\$3.68
Dec13	\$3.79	Dec13	\$3.33
Dec12	\$3.61	Dec12	\$2.99
Dec11	\$3.02	Dec11	\$2.63
Dec10	\$2.70	Dec10	\$2.41
Dec09	\$2.17	Dec09	\$2.26
Dec08	\$2.27	Dec08	\$2.27
Dec07	\$2.44	Dec07	\$2.20
Dec06	\$2.28	Dec06	\$2.00
Dec05	\$2.08	Dec05	\$1.79
Dec04	\$1.86	Dec04	\$1.60
Dec03	\$1.66	Dec03	\$1.41
Dec02	\$1.41	Dec02	\$1.23
Dec01	\$1.26	Dec01	\$1.11
Dec00	\$1.25	Dec00	\$1.02
Dec99	\$0.91	Dec99	\$0.88
Dec98	\$0.77	Balance Sheet Information Jun15	
Dec97	\$1.08	Long-Term Debt	\$743,306,000
Dec96	\$0.97	Total Assets	\$20,020,910,000
Dec95	\$0.44	Intangible Assets	\$441,591,000
		Total Liabilities	\$15,714,850,000
		Shares Outstanding (Diluted Average)	127,440,000





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

[The Best Companies of the Insurance Industry – October 2015](#)
[The 20 Best Stocks For Value Investors This Week – 7/25/15](#)
[Torchmark Corporation Analysis – July 2015 Update \\$TMK](#)
[The Best Companies of the Insurance Industry – June 2015](#)
[21 Companies in the Spotlight This Week – 5/9/15](#)

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[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](#)
[Progressive Corporation Analysis – August 2015 Update \\$PGR](#)