

ModernGraham Valuation

Company Name:

ACE Limited

Company Ticker ACE

Date of Analysis

11/18/2015



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	\$36,794,510,243	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	55.06%	Pass
5. Moderate PEmg Ratio	PEmg < 20	13.25	Pass
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.29	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	8.68
MG Growth Estimate	5.26%
MG Value	\$165.03
MG Value based on 3% Growth	\$125.80
MG Value based on 0% Growth	\$73.75
Market Implied Growth Rate	2.38%

MG Opinion

Current Price	\$114.96
% of Intrinsic Value	69.66%
Opinion	Undervalued

Stage 3: Information for Further Research

Graham Number	\$132.54
PEmg	13.25
PB Ratio	1.29
Dividend Yield	2.30%
Number of Consecutive Years of Dividend Growth	0

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	\$8.68	Next Fiscal Year Estimate	\$8.68
Dec14	\$8.42	Dec14	\$8.51
Dec13	\$10.92	Dec13	\$8.37
Dec12	\$7.89	Dec12	\$6.90
Dec11	\$4.52	Dec11	\$6.42
Dec10	\$9.11	Dec10	\$7.23
Dec09	\$7.55	Dec09	\$6.12
Dec08	\$3.50	Dec08	\$5.29
Dec07	\$7.66	Dec07	\$5.93
Dec06	\$6.91	Dec06	\$4.68
Dec05	\$3.31	Dec05	\$3.17
Dec04	\$3.88	Dec04	\$2.80
Dec03	\$5.25	Dec03	\$2.10
Dec02	\$0.27	Dec02	\$0.79
Dec01	-\$0.78	Dec01	\$1.30
Dec00	\$2.31	Dec00	\$2.39
Dec99	\$1.85	Dec99	\$2.30
Sep98	\$2.96	Balance Sheet Information	Sep15
Sep97	\$2.69	Long-Term Debt	\$4,157,000,000
Sep96	\$2.69	Total Assets	\$97,760,000,000
Sep95	\$0.00	Intangible Assets	\$5,713,000,000
		Total Liabilities	\$68,633,000,000
		Shares Outstanding (Diluted Average)	327,173,000





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](#)
- [10 Low PE Stocks for the Defensive Investor – August 2015](#)
- [15 Best Stocks For Value Investors This Week – 8/22/15](#)
- [Ace Limited Analysis – August 2015 Update \\$ACE](#)
- [10 Companies Benjamin Graham Would Invest In Today – June 2015](#)

Other ModernGraham posts about related companies

- [Travelers Companies Inc. Valuation – November 2015 Update \\$TRV](#)
- [Lincoln National Corp Valuation – November 2015 Update \\$LNC](#)
- [Unum Group Valuation – November 2015 Update \\$UNM](#)
- [Principal Financial Group Valuation – November 2015 Update \\$PFG](#)
- [Assurant Inc. Valuation – November 2015 Update \\$AIZ](#)
- [American International Group Inc. Valuation – November 2015 Update \\$AIG](#)
- [Cincinnati Financial Corp Valuation – November 2015 Update \\$CINF](#)
- [American Financial Group Inc. Valuation – November 2015 Update \\$AFG](#)
- [Loews Corporation Valuation – November 2015 Update \\$L](#)
- [Allstate Corporation Valuation – October 2015 Update \\$ALL](#)