

ModernGraham Valuation

Company Name:

Company Ticker AFG
Date of Analysis

American Financial
Group Inc

11/5/2015



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	\$6,220,240,065	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	70.31%	Pass
5. Moderate PEmg Ratio	PEmg < 20	15.05	Pass
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.32	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	4.72
MG Growth Estimate	4.72%
MG Value	\$84.61
MG Value based on 3% Growth	\$68.40
MG Value based on 0% Growth	\$40.10
Market Implied Growth Rate	3.28%

MG Opinion

Current Price	\$71.00
% of Intrinsic Value	83.92%
Opinion	Fairly Valued

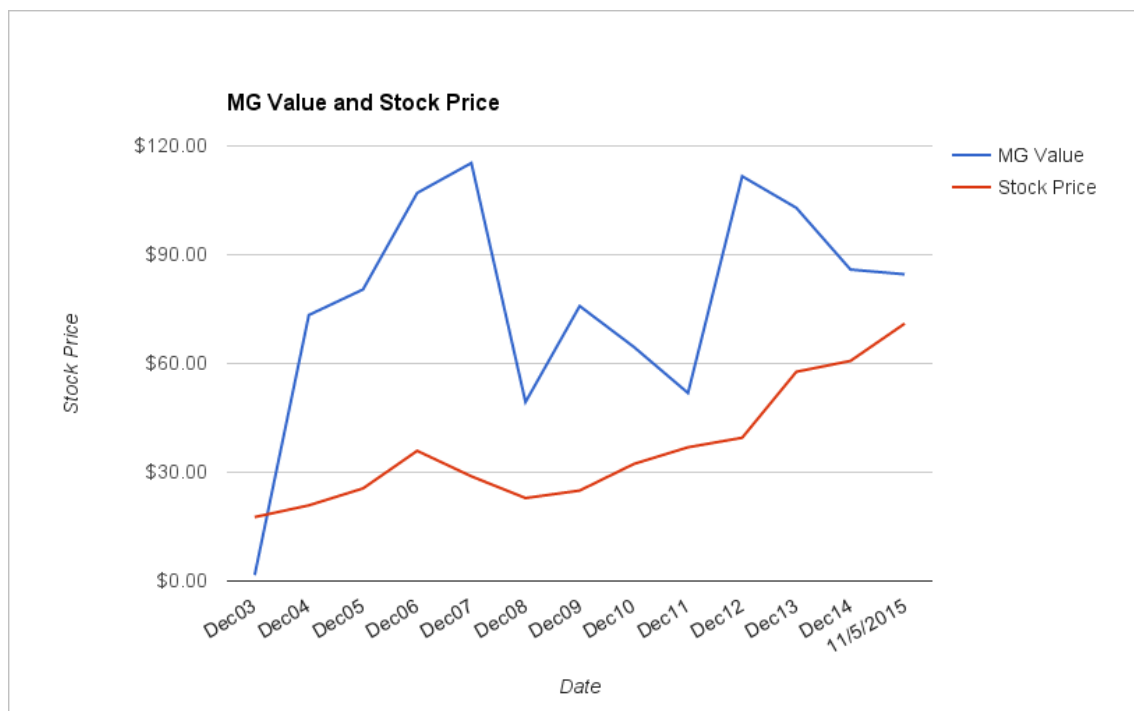
Stage 3: Information for Further Research

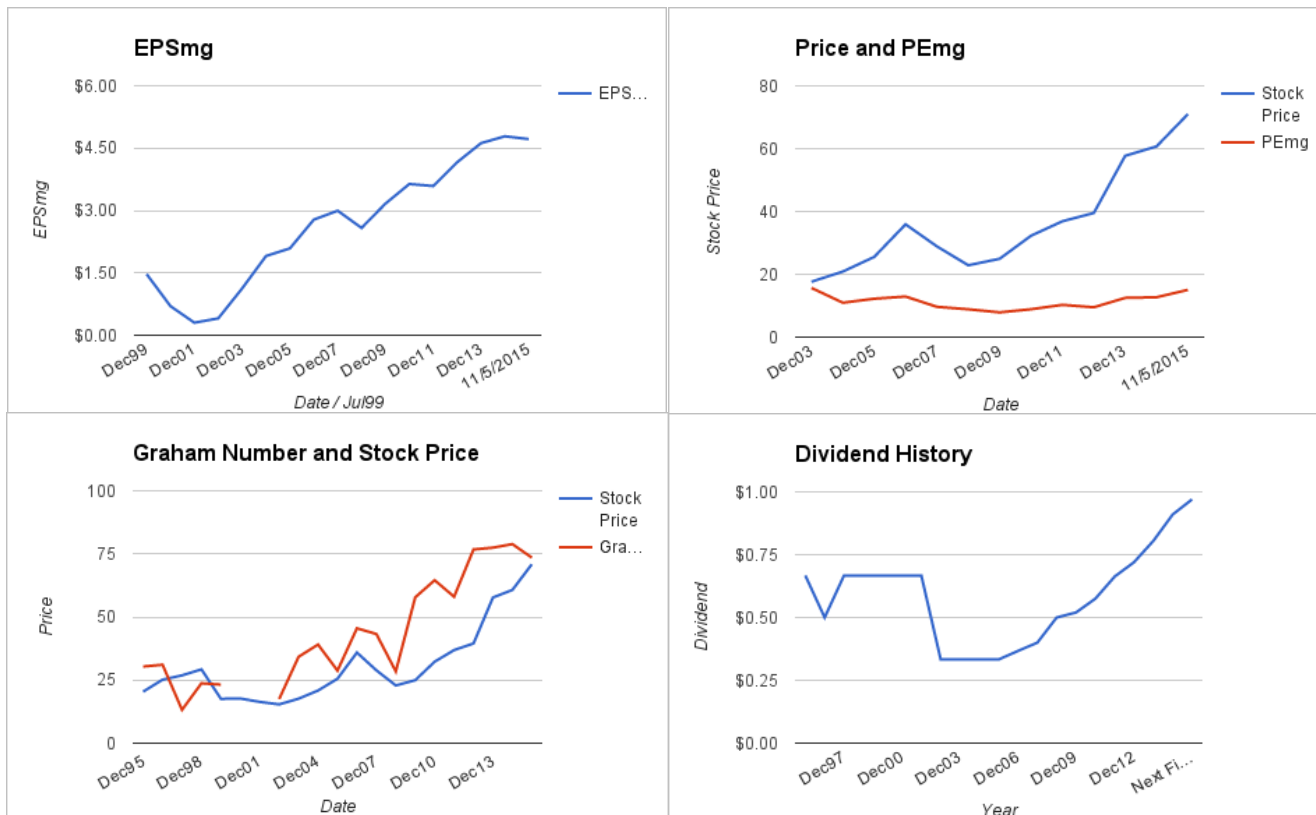
Graham Number	\$73.52
PEmg	15.05
PB Ratio	1.32
Dividend Yield	1.37%
Number of Consecutive Years of Dividend Growth	10

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	\$4.38	Next Fiscal Year Estimate	\$4.72
Dec14	\$4.97	Dec14	\$4.78
Dec13	\$5.16	Dec13	\$4.62
Dec12	\$5.09	Dec12	\$4.16
Dec11	\$3.32	Dec11	\$3.59
Dec10	\$4.36	Dec10	\$3.64
Dec09	\$4.45	Dec09	\$3.17
Dec08	\$1.67	Dec08	\$2.58
Dec07	\$3.10	Dec07	\$2.99
Dec06	\$3.75	Dec06	\$2.78
Dec05	\$1.75	Dec05	\$2.09
Dec04	\$3.21	Dec04	\$1.91
Dec03	\$2.75	Dec03	\$1.13
Dec02	\$0.82	Dec02	\$0.41
Dec01	-\$0.15	Dec01	\$0.30
Dec00	-\$0.63	Dec00	\$0.70
Dec99	\$1.57	Dec99	\$1.47
Dec98	\$1.33	Balance Sheet Information Jun15	
Dec97	\$0.43	Long-Term Debt	\$1,024,000,000
Dec96	\$2.53	Total Assets	\$49,424,000,000
Dec95	\$2.57	Intangible Assets	\$201,000,000
		Total Liabilities	\$44,622,000,000
		Shares Outstanding (Diluted Average)	89,500,000





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 8 Best Stocks For Value Investors This Week – 8/8/15](#)
[American Financial Group Inc. Analysis – Initial Coverage \\$AFG](#)

Other
ModernGraham
posts about related
companies

[Loews Corporation Valuation – November 2015 Update \\$L](#)
[Allstate Corporation Valuation – October 2015 Update \\$ALL](#)
[Humana Inc. Valuation – October 2015 Update \\$HUM](#)
[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](#)