

# ModernGraham Valuation

Company Name:

Cincinnati Financial  
Corporation

Company Ticker CINP

Date of Analysis

11/6/2015



## 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	\$9,917,953,915	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	-22.27%	Fail
5. Moderate PEmg Ratio	PEmg < 20	19.39	Pass
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.58	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

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	3.12
MG Growth Estimate	6.65%
<b>MG Value</b>	<b>\$68.04</b>
MG Value based on 3% Growth	\$45.27
MG Value based on 0% Growth	\$26.54
Market Implied Growth Rate	5.44%

### MG Opinion

Current Price	\$60.53
% of Intrinsic Value	88.96%
<b>Opinion</b>	<b>Fairly Valued</b>

## Stage 3: Information for Further Research

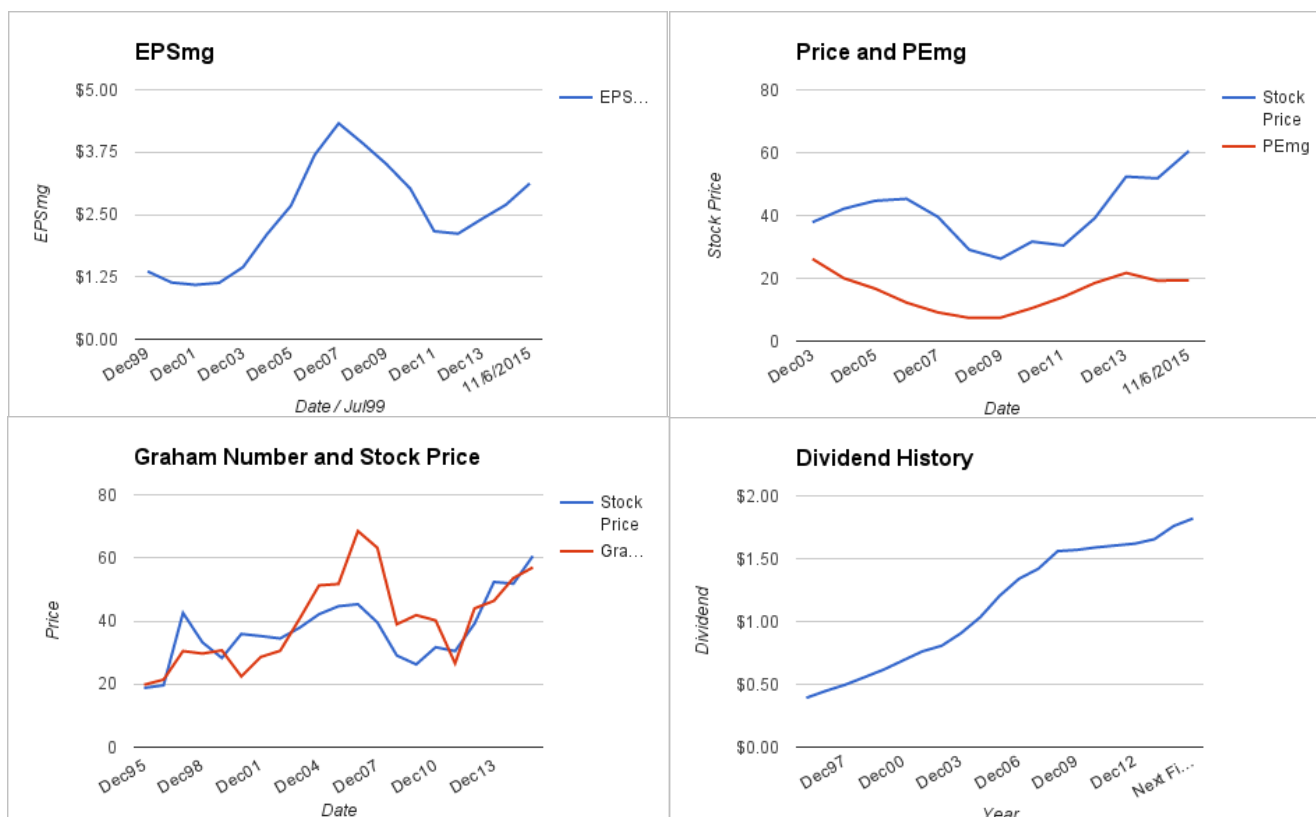
Graham Number	\$56.97
PEmg	19.39
PB Ratio	1.58
Dividend Yield	3.01%
Number of Consecutive Years of Dividend Growth	20

### 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	\$3.72	Next Fiscal Year Estimate	\$3.12
Dec14	\$3.18	Dec14	\$2.69
Dec13	\$3.12	Dec13	\$2.41
Dec12	\$2.57	Dec12	\$2.12
Dec11	\$1.01	Dec11	\$2.16
Dec10	\$2.31	Dec10	\$3.02
Dec09	\$2.65	Dec09	\$3.51
Dec08	\$2.62	Dec08	\$3.93
Dec07	\$4.97	Dec07	\$4.33
Dec06	\$5.30	Dec06	\$3.70
Dec05	\$3.40	Dec05	\$2.68
Dec04	\$3.28	Dec04	\$2.10
Dec03	\$2.10	Dec03	\$1.45
Dec02	\$1.32	Dec02	\$1.13
Dec01	\$1.08	Dec01	\$1.09
Dec00	\$0.66	Dec00	\$1.14
Dec99	\$1.38	Dec99	\$1.36
Dec98	\$1.28	<b>Balance Sheet Information</b> <b>Sep15</b> Long-Term Debt \$861,000,000 Total Assets \$18,751,000,000 Intangible Assets \$0 Total Liabilities \$12,401,000,000 Shares Outstanding (Diluted Average) 165,500,000	
Dec97	\$1.61		
Dec96	\$1.19		
Dec95	\$1.21		





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 – 8/15/15](#)  
[Cincinnati Financial Corporation Analysis – August 2015 Update \\$CINF](#)  
[5 Speculative and Overvalued Companies to Avoid – October 2014](#)  
[19 Companies in the Spotlight This Week – 8/9/14](#)

Other  
ModernGraham  
posts about related  
companies

[American Financial Group Inc. Valuation – November 2015 Update \\$AFG](#)  
[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](#)