

ModernGraham Valuation

Company Name:

Company Ticker PFG
Date of Analysis

11/11/2015

Principal Financial
Group Inc



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	\$14,901,231,032	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	27.66%	Fail
5. Moderate PEmg Ratio	PEmg < 20	14.78	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

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	3.44
MG Growth Estimate	10.94%
MG Value	\$104.46
MG Value based on 3% Growth	\$49.84
MG Value based on 0% Growth	\$29.22
Market Implied Growth Rate	3.14%

MG Opinion

Current Price	\$50.79
% of Intrinsic Value	48.62%
Opinion	Undervalued

Stage 3: Information for Further Research

Graham Number	\$55.54
PEmg	14.78
PB Ratio	1.58
Dividend Yield	2.87%
Number of Consecutive Years of Dividend Growth	7

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	\$4.20	Next Fiscal Year Estimate	\$3.44
Dec14	\$3.65	Dec14	\$2.91
Dec13	\$2.95	Dec13	\$2.45
Dec12	\$2.58	Dec12	\$2.14
Dec11	\$1.95	Dec11	\$1.99
Dec10	\$1.95	Dec10	\$2.16
Dec09	\$1.97	Dec09	\$2.42
Dec08	\$1.63	Dec08	\$2.70
Dec07	\$3.09	Dec07	\$3.15
Dec06	\$3.74	Dec06	\$2.93
Dec05	\$3.11	Dec05	\$2.31
Dec04	\$2.62	Dec04	\$1.70
Dec03	\$2.28	Dec03	\$1.07
Dec02	\$0.41	Dec02	\$0.40
Dec01	\$0.99	Dec01	\$0.33
Dec00	\$0.00	Dec00	\$0.00
Dec99	\$0.00	Dec99	\$0.00
Dec98	\$0.00	Balance Sheet Information	Sep15
Dec97	\$0.00	Long-Term Debt	\$3,286,100,000
Dec96	\$0.00	Total Assets	\$215,365,400,000
Dec95	\$0.00	Intangible Assets	\$2,404,100,000
		Total Liabilities	\$205,745,100,000
		Shares Outstanding (Diluted Average)	298,500,000





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 20 Best Stocks For Value Investors This Week – 8/15/15](#)
- [Principal Financial Group Analysis – August 2015 Update \\$PFG](#)
- [The Best Companies of the Insurance Industry – June 2015](#)
- [47 Companies in the Spotlight This Week – 5/16/15](#)

Other ModernGraham posts about related companies

- [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](#)
- [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](#)