

ModernGraham Valuation

Company Name:

Wells Fargo & Co

Company Ticker

WFC

Date of Analysis

12/11/2015



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	\$278,394,147,199	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	117.48%	Pass
5. Moderate PEmg Ratio	PEmg < 20	13.78	Pass
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.43	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	3.87
MG Growth Estimate	12.22%
MG Value	\$127.37
MG Value based on 3% Growth	\$56.08
MG Value based on 0% Growth	\$32.87
Market Implied Growth Rate	2.64%

MG Opinion

Current Price	\$53.31
% of Intrinsic Value	41.85%
Opinion	Undervalued

Stage 3: Information for Further Research

Graham Number	\$55.37
PEmg	13.78
PB Ratio	1.43
Dividend Yield	2.72%
Number of Consecutive Years of Dividend Growth	5

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	\$4.08	Next Fiscal Year Estimate	\$3.87
Dec14	\$4.10	Dec14	\$3.60
Dec13	\$3.89	Dec13	\$3.17
Dec12	\$3.36	Dec12	\$2.59
Dec11	\$2.82	Dec11	\$2.13
Dec10	\$2.21	Dec10	\$1.83
Dec09	\$1.75	Dec09	\$1.73
Dec08	\$0.70	Dec08	\$1.80
Dec07	\$2.38	Dec07	\$2.30
Dec06	\$2.47	Dec06	\$2.18
Dec05	\$2.25	Dec05	\$1.94
Dec04	\$2.05	Dec04	\$1.69
Dec03	\$1.83	Dec03	\$1.46
Dec02	\$1.58	Dec02	\$1.21
Dec01	\$0.99	Dec01	\$0.99
Dec00	\$1.16	Dec00	\$0.95
Dec99	\$1.15	Dec99	\$0.82
Dec98	\$0.59	Balance Sheet Information	
Dec97	\$0.74	Sep15	
Dec96	\$0.68	Long-Term Debt	\$185,274,000,000
Dec95	\$0.68	Total Assets	\$1,751,265,000,000
		Intangible Assets	\$38,739,000,000
		Total Liabilities	\$1,558,214,000,000
		Shares Outstanding (Diluted Average)	5,193,800,000





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 Banking Industry – October 2015](#)
[10 Most Undervalued Companies for the Defensive Investor – September 2015](#)
[15 Best Stocks For Value Investors This Week – 9/4/15](#)
[Wells Fargo & Co. Analysis – September 2015 Update \\$WFC](#)
[10 Undervalued Companies for the Defensive Dividend Stock Investor – August 2015](#)

Other
ModernGraham
posts about related
companies

[Citigroup Inc Valuation – December 2015 Update \\$C](#)
[People's United Financial Corp Valuation – December 2015 Update \\$PBCT](#)
[M&T Bank Corp Valuation – December 2015 Update \\$MTB](#)
[KeyCorp Valuation – November 2015 Update \\$KEY](#)
[State Street Corp Valuation – November 2015 Update \\$STT](#)
[BB&T Corporation Valuation – November 2015 Update \\$BBT](#)
[PNC Financial Services Group Valuation – November 2015 Update \\$PNC](#)
[SunTrust Banks Inc. Valuation – November 2015 Update \\$STI](#)
[U.S. Bancorp Valuation – November 2015 Update \\$USB](#)
[Starwood Property Trust Inc. Valuation – October 2015 Update \\$STWD](#)