

ModernGraham Valuation

Company Name:

Harley-Davidson Inc

Company Ticker

HOG

Date of Analysis

1/4/2016



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$8,733,516,343	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.73	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	2.29%	Fail
6. Moderate PEmg Ratio	PEmg < 20	13.35	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.63	Pass

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.73	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.59	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.40
MG Growth Estimate	15.00%
MG Value	\$131.03
MG Value based on 3% Growth	\$49.35
MG Value based on 0% Growth	\$28.93
Market Implied Growth Rate	2.43%

MG Opinion

Current Price	\$45.44
% of Intrinsic Value	34.68%
Opinion	Undervalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$17.38
Graham Number	\$32.60
PEmg	13.35
Current Ratio	1.73
PB Ratio	3.63
Dividend Yield	2.65%
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	\$3.54	Next Fiscal Year Estimate	\$3.40
Dec14	\$3.88	Dec14	\$3.09
Dec13	\$3.28	Dec13	\$2.40
Dec12	\$2.72	Dec12	\$1.86
Dec11	\$2.55	Dec11	\$1.59
Dec10	\$0.62	Dec10	\$1.46
Dec09	-\$0.24	Dec09	\$2.16
Dec08	\$2.79	Dec08	\$3.37
Dec07	\$3.74	Dec07	\$3.54
Dec06	\$3.93	Dec06	\$3.28
Dec05	\$3.41	Dec05	\$2.79
Dec04	\$3.00	Dec04	\$2.31
Dec03	\$2.50	Dec03	\$1.83
Dec02	\$1.90	Dec02	\$1.40
Dec01	\$1.43	Dec01	\$1.08
Dec00	\$1.13	Dec00	\$0.86
Dec99	\$0.86	Dec99	\$0.68
Dec98	\$0.69	Balance Sheet Information Sep15	
Dec97	\$0.57	Total Current Assets	\$4,616,041,000
Dec96	\$0.55	Total Current Liabilities	\$2,663,005,000
Dec95	\$0.38	Long-Term Debt	\$5,054,347,000
		Total Assets	\$10,731,560,000
		Intangible Assets	\$54,267,000
		Total Liabilities	\$8,171,885,000
		Shares Outstanding (Diluted Average)	204,580,000





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:

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[Harley-Davidson Inc. Analysis – October 2015 Update \\$HOG](#)
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