# **ModernGraham Valuation**

#### **Company Name:**

Harley-Davidson Inc



Company Ticker
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.

HOG

<ol> <li>Adequate Size of the Enterprise</li> </ol>	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
	Increase of 33% in EPS in past 10 years using 3 year averages at	
5. Earnings Growth	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

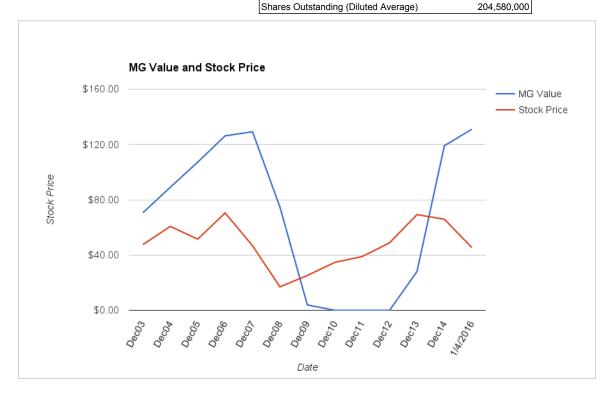
Net Current Asset Value (NCAV)	-\$17.38
Graham Number	\$32.60
PEmg	13.35
Current Ratio	1.73
PB Ratio	3.63
Dividend Yield	2.65%
Number of Consecutive Years of Dividend Growth	5

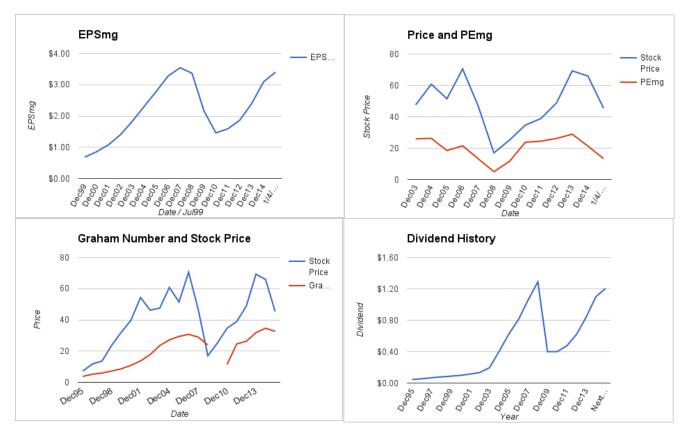
Morningstar

Useful Links: ModernGraham tagged articles

Google FinanceMSN MoneyYahoo FinanceSeeking AlphaGuruFocusSEC 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:**

Other ModernGraham posts about the company The Best Companies of the Auto Industry – October 2015

5 Undervalued Companies for Enterprising Investors Near 52 Week Lows - October 2015

13 Best Stocks For Value Investors This Week – 10/3/15
Harley-Davidson Inc. Analysis – October 2015 Update \$HOG

Harley Davidson Analysis – June 2015 Update \$HOG

Other ModernGraham posts about related companies AutoNation Inc Valuation – November 2015 Update \$AN

BorgWarner Inc. Valuation – November 2015 Update \$BWA

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Genuine Parts Company Analysis – September 2015 Update \$GPC

Ford Motor Company Analysis – August 2015 Update \$F

Advance Auto Parts Inc. Analysis - Initial Coverage \$AAP

General Motors Company Analysis – 2015 Update \$GM

BorgWarner Inc. Analysis - July 2015 Update \$BWA