

ModernGraham Valuation

Company Name:

Company Ticker NTRS

Date of Analysis

1/25/2016

Northern Trust
Corporation



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	\$13,970,330,000	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	14.18%	Fail
5. Moderate PEmg Ratio	PEmg < 20	16.18	Pass
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.56	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	3.63
MG Growth Estimate	4.49%
MG Value	\$63.53
MG Value based on 3% Growth	\$52.68
MG Value based on 0% Growth	\$30.88
Market Implied Growth Rate	3.84%

MG Opinion

Current Price	\$58.79
% of Intrinsic Value	92.54%
Opinion	Fairly Valued

Stage 3: Information for Further Research

Graham Number	\$57.85
PEmg	16.18
PB Ratio	1.56
Dividend Yield	2.35%
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	\$3.95	Next Fiscal Year Estimate	\$3.63
Dec15	\$4.00	Dec15	\$3.36
Dec14	\$3.32	Dec14	\$2.98
Dec13	\$2.99	Dec13	\$2.82
Dec12	\$2.81	Dec12	\$2.80
Dec11	\$2.47	Dec11	\$2.86
Dec10	\$2.74	Dec10	\$3.08
Dec09	\$3.16	Dec09	\$3.20
Dec08	\$3.47	Dec08	\$3.12
Dec07	\$3.24	Dec07	\$2.83
Dec06	\$3.00	Dec06	\$2.53
Dec05	\$2.64	Dec05	\$2.25
Dec04	\$2.27	Dec04	\$2.05
Dec03	\$1.80	Dec03	\$1.94
Dec02	\$1.97	Dec02	\$1.97
Dec01	\$2.11	Dec01	\$1.90
Dec00	\$2.08	Dec00	\$1.71
Dec99	\$1.74	Balance Sheet Information	
Dec98	\$1.52	Dec15	
Dec97	\$1.33	Long-Term Debt	\$3,146,000,000
Dec96	\$1.11	Total Assets	\$116,749,600,000
		Intangible Assets	\$526,400,000
		Total Liabilities	\$108,043,700,000
		Shares Outstanding (Diluted Average)	231,220,000





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

[Northern Trust Corporation Analysis – September 2015 Update \\$NTRS](#)

[5 Speculative and Overvalued Companies to Avoid – November 2014](#)

[20 Companies to Research This Week – 9/6/14](#)

[Northern Trust Corporation Annual Stock Valuation – 2014 \\$NTRS](#)

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[Visa Inc Valuation – November 2015 Update \\$V](#)

[Ameriprise Financial Inc. Valuation – November 2015 Update \\$AMP](#)

[BlackRock Inc. Valuation – November 2015 Update \\$BLK](#)

[Goldman Sachs Group Inc. Valuation – November 2015 Update \\$GS](#)

[American Express Company Valuation – October 2015 Update \\$AXP](#)

[KKR & Co. LP Valuation – October 2015 Update \\$KKR](#)

[Invesco Limited Analysis – October 2015 Update \\$IVZ](#)

[CME Group Inc. Analysis – October 2015 Update \\$CME](#)

[T.Rowe Price Group Inc. Analysis – September 2015 Update \\$TROW](#)