

# ModernGraham Valuation

## Company Name:

Company Ticker AFG  
Date of Analysis

American Financial  
Group Inc

2/8/2016



## 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	\$5,712,051,727	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	60.92%	Pass
5. Moderate PEmg Ratio	PEmg < 20	14.85	Pass
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.25	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

<b>Defensive</b>	<b>Yes</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	4.45
MG Growth Estimate	3.60%
<b>MG Value</b>	<b>\$69.90</b>
MG Value based on 3% Growth	\$64.53
MG Value based on 0% Growth	\$37.83
Market Implied Growth Rate	3.18%

### MG Opinion

Current Price	\$66.10
% of Intrinsic Value	94.56%
<b>Opinion</b>	<b>Fairly Valued</b>

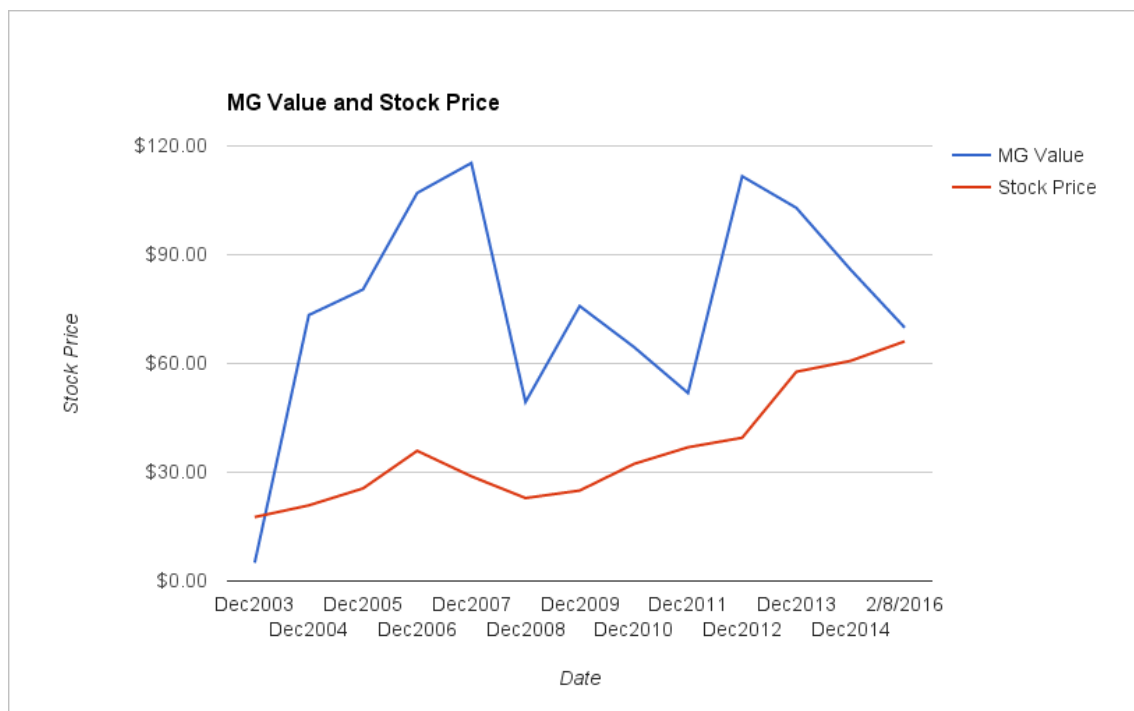
## Stage 3: Information for Further Research

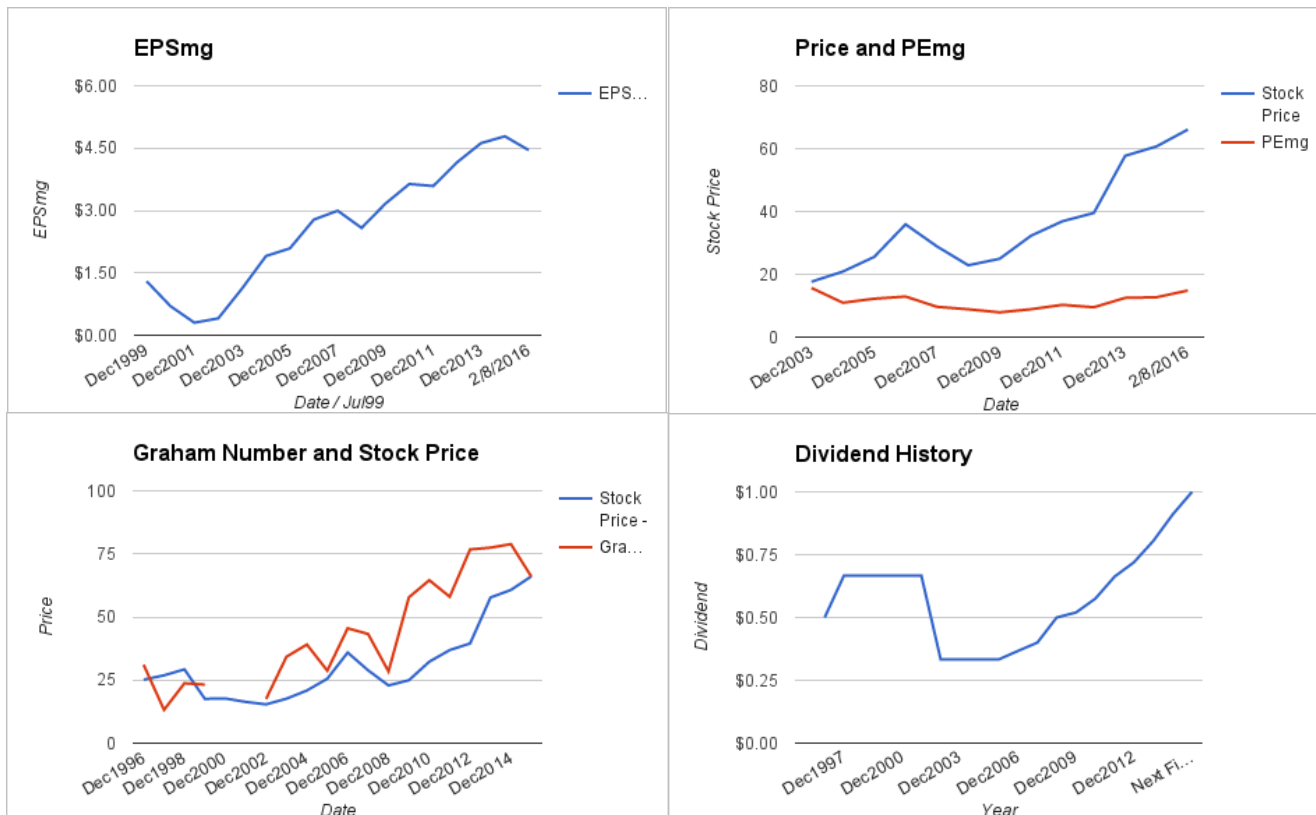
Graham Number	\$66.01
PEmg	14.85
PB Ratio	1.25
Dividend Yield	1.51%
Number of Consecutive Years of Dividend Growth	10

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.58	Next Fiscal Year Estimate	\$4.45
Dec2014	\$4.97	Dec2014	\$4.78
Dec2013	\$5.16	Dec2013	\$4.62
Dec2012	\$5.09	Dec2012	\$4.16
Dec2011	\$3.32	Dec2011	\$3.59
Dec2010	\$4.36	Dec2010	\$3.64
Dec2009	\$4.45	Dec2009	\$3.17
Dec2008	\$1.67	Dec2008	\$2.58
Dec2007	\$3.10	Dec2007	\$2.99
Dec2006	\$3.75	Dec2006	\$2.78
Dec2005	\$1.75	Dec2005	\$2.09
Dec2004	\$3.21	Dec2004	\$1.91
Dec2003	\$2.75	Dec2003	\$1.13
Dec2002	\$0.82	Dec2002	\$0.41
Dec2001	-\$0.15	Dec2001	\$0.30
Dec2000	-\$0.63	Dec2000	\$0.70
Dec1999	\$1.57	Dec1999	\$1.30
Dec1998	\$1.33	<div><div>Balance Sheet Information</div><div>Sep2015</div></div>	
Dec1997	\$0.43	Long-Term Debt	\$880,000,000
Dec1996	\$2.53	Total Assets	\$50,557,000,000
Dec1995	\$0.00	Intangible Assets	\$201,000,000
		Total Liabilities	\$45,833,000,000
		Shares Outstanding (Diluted Average)	89,300,000





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

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[American Financial Group Inc. Valuation – November 2015 Update \\$AFG](#)  
[The Best Companies of the Insurance Industry – October 2015](#)  
[The 8 Best Stocks For Value Investors This Week – 8/8/15](#)  
[American Financial Group Inc. Analysis – Initial Coverage \\$AFG](#)

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[MetLife Inc Valuation – February 2016 Update \\$MET](#)  
[Aetna Inc Valuation – February 2016 Update \\$AET](#)  
[Marsh & McLennan Company Valuation – January 2016 Update \\$MMC](#)  
[Aon PLC Valuation – January 2016 Update \\$AON](#)  
[Progressive Corp Valuation – November 2015 Update \\$PGR](#)  
[Progressive Corp Valuation – November 2015 Update \\$PGR](#)  
[Ace Limited Valuation – November 2015 Update \\$ACE](#)  
[Travelers Companies Inc. Valuation – November 2015 Update \\$TRV](#)  
[Lincoln National Corp Valuation – November 2015 Update \\$LNC](#)