

ModernGraham Valuation

Company Name:

Humana Inc

Company Ticker HUM

Date of Analysis

2/15/2016



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	\$24,089,577,781	Pass
2. Earnings Stability	Positive EPS for 10 years prior		Pass
3. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	61.18%	Pass
4. Earnings Growth	PEmg < 20	20.06	Fail
5. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.34	Pass
6. Moderate Price to Assets			

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	7.98
MG Growth Estimate	1.83%
MG Value	\$97.14
MG Value based on 3% Growth	\$115.78
MG Value based on 0% Growth	\$67.87
Market Implied Growth Rate	5.78%

MG Opinion

Current Price	\$160.14
% of Intrinsic Value	164.86%
Opinion	Overvalued
MG Grade	C-

Stage 3: Information for Further Research

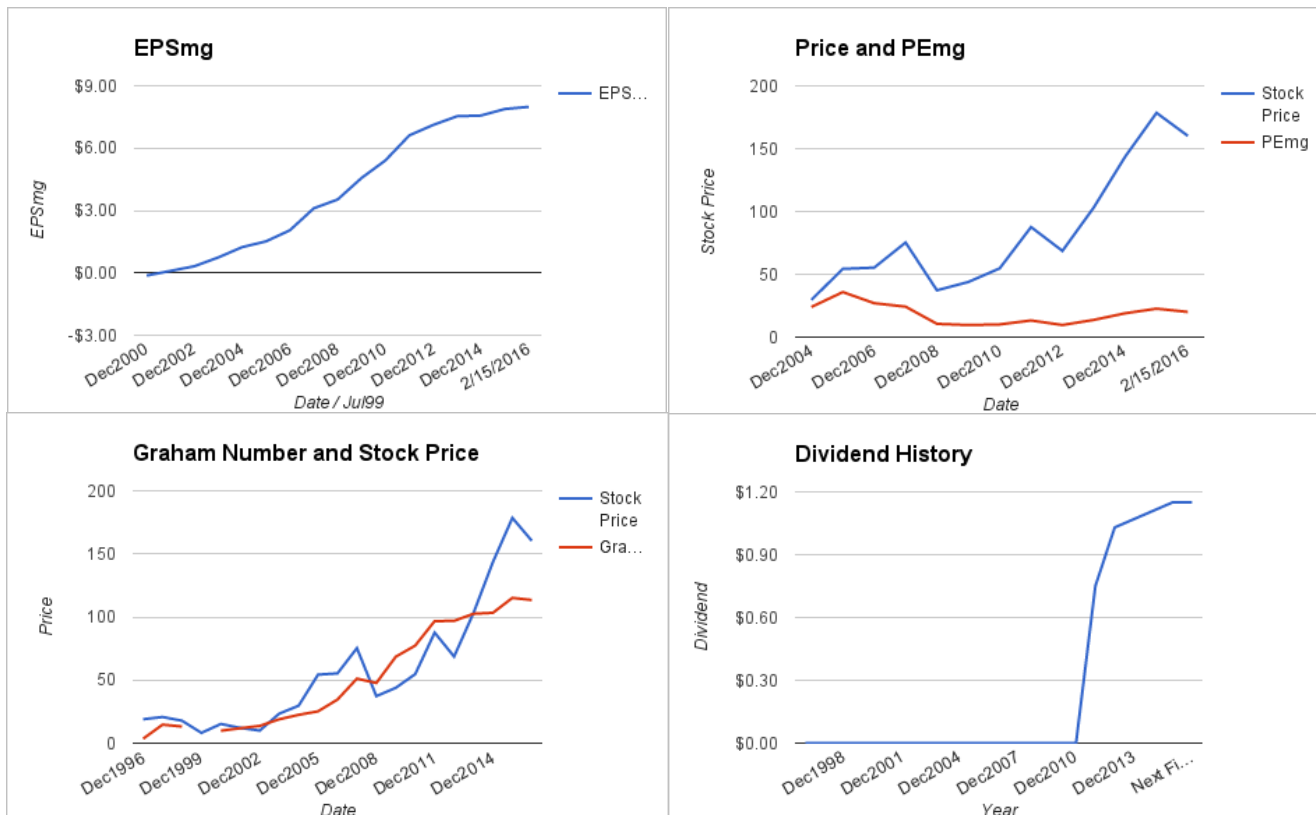
Graham Number	\$113.48
PEmg	20.06
PB Ratio	2.34
Dividend Yield	0.72%
Number of Consecutive Years of Dividend Growth	6

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	\$8.20	Next Fiscal Year Estimate	\$7.98
Dec2015	\$8.44	Dec2015	\$7.88
Dec2014	\$7.36	Dec2014	\$7.57
Dec2013	\$7.73	Dec2013	\$7.53
Dec2012	\$7.47	Dec2012	\$7.12
Dec2011	\$8.46	Dec2011	\$6.61
Dec2010	\$6.47	Dec2010	\$5.41
Dec2009	\$6.15	Dec2009	\$4.56
Dec2008	\$3.83	Dec2008	\$3.53
Dec2007	\$4.91	Dec2007	\$3.11
Dec2006	\$2.90	Dec2006	\$2.05
Dec2005	\$1.87	Dec2005	\$1.52
Dec2004	\$1.72	Dec2004	\$1.24
Dec2003	\$1.38	Dec2003	\$0.74
Dec2002	\$0.83	Dec2002	\$0.32
Dec2001	\$0.70	Dec2001	\$0.09
Dec2000	\$0.54	Dec2000	-\$0.13
Dec1999	-\$2.28	Balance Sheet Information Dec2015	
Dec1998	\$0.77	Long-Term Debt	\$3,821,000,000
Dec1997	\$1.05	Total Assets	\$24,705,000,000
Dec1996	\$0.07	Intangible Assets	\$3,265,000,000
		Total Liabilities	\$14,359,000,000
		Shares Outstanding (Diluted Average)	151,142,000





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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company

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[Humana Inc. Quarterly Valuation – April 2015 \\$HUM](#)
[58 Companies in the Spotlight This Week – 1/31/15](#)
[Humana Inc. Quarterly Valuation – January 2015 \\$HUM](#)
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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](#)
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[Ace Limited Valuation – November 2015 Update \\$ACE](#)