

ModernGraham Valuation

Prudential Financial
Inc



Company Name:

Company Ticker PRU

Date of Analysis

2/11/2016

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	\$26,302,327,513	Pass
2. Earnings Stability	Positive EPS for 10 years prior		Fail
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	23.75%	Fail
5. Moderate PEmg Ratio	PEmg < 20	10.81	Pass
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	0.63	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		Fail
2. Dividend Record	Currently Pays Dividend		Pass
3. Earnings Growth	EPSmg greater than 5 years ago		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	5.38
MG Growth Estimate	-0.18%
MG Value	\$43.76
MG Value based on 3% Growth	\$77.99
MG Value based on 0% Growth	\$45.72
Market Implied Growth Rate	1.16%

MG Opinion

Current Price	\$58.15
% of Intrinsic Value	132.88%
Opinion	Overvalued

Stage 3: Information for Further Research

Graham Number	\$164.80
PEmg	10.81
PB Ratio	0.63
Dividend Yield	3.99%
Number of Consecutive Years of Dividend Growth	7

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	\$12.70	Next Fiscal Year Estimate	\$5.38
Dec2014	\$3.20	Dec2014	\$2.14
Dec2013	-\$1.57	Dec2013	\$2.37
Dec2012	\$1.05	Dec2012	\$4.13
Dec2011	\$6.99	Dec2011	\$5.44
Dec2010	\$5.32	Dec2010	\$4.75
Dec2009	\$7.63	Dec2009	\$4.68
Dec2008	-\$2.53	Dec2008	\$3.55
Dec2007	\$7.61	Dec2007	\$6.11
Dec2006	\$6.50	Dec2006	\$4.87
Dec2005	\$6.34	Dec2005	\$3.56
Dec2004	\$3.31	Dec2004	\$1.89
Dec2003	\$1.98	Dec2003	\$1.01
Dec2002	\$1.25	Dec2002	\$0.44
Dec2001	\$0.07	Dec2001	\$0.02
Dec2000	\$0.00	Dec2000	\$0.00
Dec1999	\$0.00	Dec1999	\$0.00
Dec1998	\$0.00	Balance Sheet Information	Sep2015
Dec1997	\$0.00	Long-Term Debt	\$28,699,000,000
Dec1996	\$0.00	Total Assets	\$754,527,000,000
Dec1995	\$0.00	Intangible Assets	\$0
		Total Liabilities	\$711,807,000,000
		Shares Outstanding (Diluted Average)	459,700,000





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

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

Other ModernGraham posts about related companies

- [Anthem Inc Valuation – February 2016 \\$ANTM](#)
- [Aflac Inc Valuation – February 2016 \\$AFL](#)
- [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](#)