

ModernGraham Valuation



Company Name:

T. Rowe Price Group Inc

Company Ticker TROW

Date of Analysis

2/17/2016

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.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$17,674,556,183	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	4.69	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	125.89%	Pass
6. Moderate PEmg Ratio	PEmg < 20	16.54	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.85	Fail

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	4.69	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	Pass
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	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.25
MG Growth Estimate	8.21%
MG Value	\$105.86
MG Value based on 3% Growth	\$61.61
MG Value based on 0% Growth	\$36.11
Market Implied Growth Rate	4.02%

MG Opinion

Current Price	\$70.26
% of Intrinsic Value	66.37%
Opinion	Undervalued
MG Grade	A

Stage 3: Information for Further Research

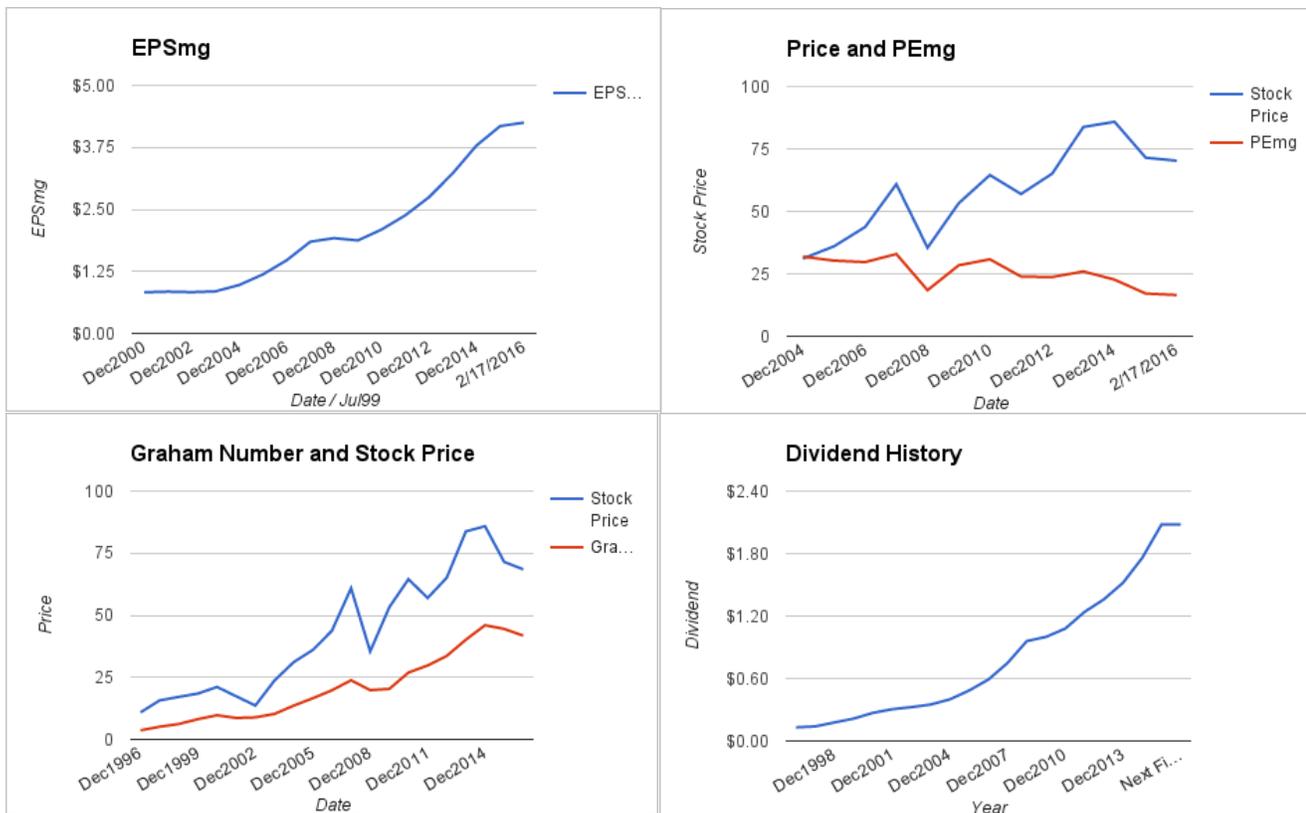
Net Current Asset Value (NCAV)	\$4.88
Graham Number	\$41.77
PEmg	16.54
Current Ratio	4.69
PB Ratio	3.85
Dividend Yield	2.96%
Number of Consecutive Years of Dividend Growth	20

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.08	Next Fiscal Year Estimate	\$4.25
Dec2015	\$4.63	Dec2015	\$4.18
Dec2014	\$4.55	Dec2014	\$3.79
Dec2013	\$3.90	Dec2013	\$3.23
Dec2012	\$3.36	Dec2012	\$2.75
Dec2011	\$2.92	Dec2011	\$2.38
Dec2010	\$2.53	Dec2010	\$2.09
Dec2009	\$1.65	Dec2009	\$1.87
Dec2008	\$1.82	Dec2008	\$1.92
Dec2007	\$2.40	Dec2007	\$1.85
Dec2006	\$1.90	Dec2006	\$1.47
Dec2005	\$1.58	Dec2005	\$1.19
Dec2004	\$1.26	Dec2004	\$0.98
Dec2003	\$0.88	Dec2003	\$0.85
Dec2002	\$0.76	Dec2002	\$0.83
Dec2001	\$0.76	Dec2001	\$0.84
Dec2000	\$1.04	Dec2000	\$0.83
Dec1999	\$0.93	Balance Sheet Information Dec2015	
Dec1998	\$0.67	Total Current Assets	\$1,618,300,000
Dec1997	\$0.57	Total Current Liabilities	\$344,900,000
Dec1996	\$0.40	Long-Term Debt	\$0
		Total Assets	\$5,106,900,000
		Intangible Assets	\$665,700,000
		Total Liabilities	\$344,900,000
		Shares Outstanding (Diluted Average)	260,900,000





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

- [Dividend Growth Stocks for Intelligent Investors – February 2016](#)
- [T.Rowe Price Group Inc. Analysis – September 2015 Update \\$TROW](#)
- [The Best Stocks of the Financial Services Industry – September 2015](#)
- [10 Undervalued Companies for the Defensive Dividend Stock Investor – August 2015](#)
- [The 10 Best Stocks For Value Investors This Week – 6/20/15](#)

Other ModernGraham posts about related companies

- [Moody's Corporation Stock Valuation – February 2016 \\$MCO](#)
- [KKR & Co LP Stock Valuation – February 2016 \\$KKR](#)
- [Capital One Financial Corp Valuation – January 2016 Update \\$COF](#)
- [Franklin Resources Inc Valuation – January 2016 Update \\$BEN](#)
- [Northern Trust Corp Valuation – January 2016 Update \\$NTRS](#)
- [Northern Trust Corp Valuation – January 2016 Update \\$NTRS](#)
- [Invesco Ltd Valuation – January 2016 Update \\$IVZ](#)
- [Legg Mason Inc Valuation – December 2015 Update \\$LM](#)
- [Visa Inc Valuation – November 2015 Update \\$V](#)
- [Ameriprise Financial Inc. Valuation – November 2015 Update \\$AMP](#)