

ModernGraham Valuation

Company Name:

Harley-Davidson Inc

Company Ticker HOG

Date of Analysis

6/27/2016



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	\$7,134,178,102	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.74	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	78.89%	Pass
6. Moderate PEmg Ratio	PEmg < 20	11.76	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.13	Pass

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	1.74	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.87	Fail
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	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.61
MG Growth Estimate	14.01%
MG Value	\$131.68
MG Value based on 3% Growth	\$52.29
MG Value based on 0% Growth	\$30.65
Market Implied Growth Rate	1.63%

MG Opinion

Current Price	\$42.39
% of Intrinsic Value	32.19%
Opinion	Undervalued
MG Grade	B

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$22.17
Graham Number	\$29.43
PEmg	11.76
Current Ratio	1.74
PB Ratio	4.13
Current Dividend	\$1.28
Dividend Yield	3.02%
Number of Consecutive Years of Dividend Growth	6

Useful Links:

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

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.68	Next Fiscal Year Estimate	\$3.61
Dec2015	\$3.69	Dec2015	\$3.45
Dec2014	\$3.88	Dec2014	\$3.09
Dec2013	\$3.28	Dec2013	\$2.40
Dec2012	\$2.72	Dec2012	\$1.86
Dec2011	\$2.55	Dec2011	\$1.59
Dec2010	\$0.62	Dec2010	\$1.46
Dec2009	-\$0.24	Dec2009	\$2.16
Dec2008	\$2.79	Dec2008	\$3.37
Dec2007	\$3.74	Dec2007	\$3.54
Dec2006	\$3.93	Dec2006	\$3.28
Dec2005	\$3.41	Dec2005	\$2.79
Dec2004	\$3.00	Dec2004	\$2.31
Dec2003	\$2.50	Dec2003	\$1.83
Dec2002	\$1.90	Dec2002	\$1.40
Dec2001	\$1.43	Dec2001	\$1.08
Dec2000	\$1.13	Dec2000	\$0.86
Dec1999	\$0.87	Balance Sheet Information 3/1/2016	
Dec1998	\$0.69	Total Current Assets	\$4,491,750,000
Dec1997	\$0.57	Total Current Liabilities	\$2,588,006,000
Dec1996	\$0.55	Long-Term Debt	\$5,460,553,000
		Total Assets	\$10,467,671,000
		Intangible Assets	\$54,585,000
		Total Liabilities	\$8,574,851,000
		Shares Outstanding (Diluted Average)	184,204,000





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

- [19 Best Stocks For Value Investors This Week – 1/9/16](#)
- [Harley-Davidson Inc Valuation – January 2016 Update \\$HOG](#)
- [The Best Companies of the Auto Industry – October 2015](#)
- [5 Undervalued Companies for Enterprising Investors Near 52 Week Lows – October 2015](#)
- [13 Best Stocks For Value Investors This Week – 10/3/15](#)

Other ModernGraham posts about related companies

- [Autozone Inc Valuation – June 2016 \\$AZO](#)
- [BorgWarner Inc Valuation – February 2016 Update \\$BWA](#)
- [Genuine Parts Co Valuation – January 2016 Update \\$GPC](#)
- [Ford Motor Company Valuation – January 2016 Update \\$F](#)
- [Genuine Parts Co Valuation – January 2016 Update \\$GPC](#)
- [Ford Motor Company Valuation – January 2016 Update \\$F](#)
- [Harley-Davidson Inc Valuation – January 2016 Update \\$HOG](#)
- [AutoNation Inc Valuation – November 2015 Update \\$AN](#)
- [BorgWarner Inc. Valuation – November 2015 Update \\$BWA](#)
- [The Best Companies of the Auto Industry – October 2015](#)