

# ModernGraham Valuation

Company Name:

H & R Block Inc

Company Ticker

HRB

Date of Analysis

6/29/2016



## 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	\$5,157,509,891	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.18	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	151.55%	Pass
5. Earnings Growth	PEmg < 20	13.94	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	247.20	Fail
7. Moderate Price to Assets			

*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	1.18	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	8.22	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

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$1.63
MG Growth Estimate	3.66%
<b>MG Value</b>	<b>\$25.86</b>
MG Value based on 3% Growth	\$23.69
MG Value based on 0% Growth	\$13.89
Market Implied Growth Rate	2.72%

### MG Opinion

Current Price	\$22.77
% of Intrinsic Value	88.06%
<b>Opinion</b>	<b>Fairly Valued</b>
<b>MG Grade</b>	<b>C-</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$6.43
Graham Number	\$1.97
PEmg	13.94
Current Ratio	1.18
PB Ratio	247.20
Current Dividend	\$0.80
Dividend Yield	3.51%
Number of Consecutive Years of Dividend Growth	0

### 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>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.68	Next Fiscal Year Estimate	\$1.63
Apr2016	\$1.49	Apr2016	\$1.57
Apr2015	\$1.71	Apr2015	\$1.55
Apr2014	\$1.72	Apr2014	\$1.44
Apr2013	\$1.58	Apr2013	\$1.31
Apr2012	\$0.89	Apr2012	\$1.06
Apr2011	\$1.31	Apr2011	\$0.89
Apr2010	\$1.43	Apr2010	\$0.60
Apr2009	\$1.45	Apr2009	\$0.29
Apr2008	-\$0.94	Apr2008	\$0.01
Apr2007	-\$1.33	Apr2007	\$0.69
Apr2006	\$1.47	Apr2006	\$1.67
Apr2005	\$1.89	Apr2005	\$1.66
Apr2004	\$1.93	Apr2004	\$1.44
Apr2003	\$1.58	Apr2003	\$1.11
Apr2002	\$1.16	Apr2002	\$0.85
Apr2001	\$0.76	Apr2001	\$0.66
Apr2000	\$0.64	<b>Balance Sheet Information 4/1/2016</b>	
Apr1999	\$0.54	Total Current Assets	\$1,222,298,000
Apr1998	\$0.91	Total Current Liabilities	\$1,039,605,000
Apr1997	\$0.11	Long-Term Debt	\$1,501,925,000
		Total Assets	\$2,857,775,000
		Intangible Assets	\$904,642,000
		Total Liabilities	\$2,834,672,000
		Shares Outstanding (Diluted Average)	250,818,000





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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ModernGraham  
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[30 Companies in the Spotlight This Week – 11/15/14](#)  
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[Legg Mason Inc Valuation – June 2016 \\$LM](#)  
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[BlackRock Inc Valuation – June 2016 \\$BLK](#)  
[Goldman Sachs Group Inc Valuation – June 2016 \\$GS](#)  
[Ameriprise Financial Inc Valuation – June 2016 \\$AMP](#)  
[American Express Company Valuation – May 2016 \\$AXP](#)  
[T.Rowe Price Group Inc Stock Valuation – February 2016 \\$TROW](#)  
[Moody's Corporation Stock Valuation – February 2016 \\$MCO](#)  
[KKR & Co LP Stock Valuation – February 2016 \\$KKR](#)