

ModernGraham Valuation

Company Name:

Company Ticker AFG
Date of Analysis

American Financial
Group Inc

8/16/2016



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	\$6,464,065,054	Pass
2. Earnings Stability	Positive EPS for 10 years prior		Pass
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	47.83%	Pass
5. Moderate PEmg Ratio	PEmg < 20	15.95	Pass
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.31	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		Pass
2. Dividend Record	Currently Pays Dividend		Pass
3. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	4.65
MG Growth Estimate	1.76%
MG Value	\$55.79
MG Value based on 3% Growth	\$67.36
MG Value based on 0% Growth	\$39.49
Market Implied Growth Rate	3.73%

MG Opinion

Current Price	\$74.10
% of Intrinsic Value	132.81%
Opinion	Overvalued
MG Grade	B

Stage 3: Information for Further Research

Graham Number	\$78.19
PEmg	15.95
PB Ratio	1.31
Dividend Yield	1.47%
Number of Consecutive Years of Dividend Growth	11

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	\$4.72	Next Fiscal Year Estimate	\$4.65
Dec2015	\$3.94	Dec2015	\$4.57
Dec2014	\$4.97	Dec2014	\$4.78
Dec2013	\$5.16	Dec2013	\$4.62
Dec2012	\$5.09	Dec2012	\$4.16
Dec2011	\$3.32	Dec2011	\$3.59
Dec2010	\$4.36	Dec2010	\$3.64
Dec2009	\$4.45	Dec2009	\$3.17
Dec2008	\$1.67	Dec2008	\$2.58
Dec2007	\$3.10	Dec2007	\$2.99
Dec2006	\$3.75	Dec2006	\$2.78
Dec2005	\$1.75	Dec2005	\$2.09
Dec2004	\$3.21	Dec2004	\$1.91
Dec2003	\$2.75	Dec2003	\$1.13
Dec2002	\$0.82	Dec2002	\$0.41
Dec2001	-\$0.15	Dec2001	\$0.30
Dec2000	-\$0.63	Dec2000	\$0.70
Dec1999	\$1.57	Balance Sheet Information 6/1/2016	
Dec1998	\$1.33	Long-Term Debt & Capital Lease Obligation	\$998,000,000
Dec1997	\$0.43	Total Assets	\$52,733,000,000
Dec1996	\$2.53	Intangible Assets	\$199,000,000
		Total Liabilities	\$47,733,000,000
		Shares Outstanding (Diluted Average)	88,400,000





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
posts about the
company

- [15 Best Stocks For Value Investors This Week – 2/13/16](#)
- [American Financial Group Inc Valuation – February 2016 \\$AFG](#)
- [12 Best Stocks For Value Investors This Week – 11/7/15](#)
- [12 Best Stocks For Value Investors This Week – 11/7/15](#)
- [American Financial Group Inc. Valuation – November 2015 Update \\$AFG](#)

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- [Hartford Financial Services Group Inc Valuation – August 2016 \\$HIG](#)
- [MetLife Inc Valuation – August 2016 \\$MET](#)
- [Genworth Financial Inc Valuation – August 2016 \\$GNW](#)
- [Aetna Inc Valuation – July 2016 \\$AET](#)
- [XL Group Ltd Valuation – July 2016 \\$XL](#)
- [Marsh & McLennan Companies Inc Valuation – July 2016 \\$MMC](#)
- [Cigna Corp Valuation – July 2016 \\$CI](#)
- [Progressive Corporation Valuation – June 2016 \\$PGR](#)
- [Cincinnati Financial Corporation Valuation – May 2016 \\$CINF](#)