

ModernGraham Valuation

Company Name:

Humana Inc

Company Ticker HUM

Date of Analysis

8/24/2016



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	\$26,646,298,532	Pass
2. Earnings Stability	Positive EPS for 10 years prior		Pass
3. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	63.13%	Pass
4. Earnings Growth	PEmg < 20	22.19	Fail
5. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.49	Pass
6. Moderate Price to Assets			

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	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	8.08
MG Growth Estimate	2.04%
MG Value	\$101.61
MG Value based on 3% Growth	\$117.18
MG Value based on 0% Growth	\$68.69
Market Implied Growth Rate	6.84%

MG Opinion

Current Price	\$179.31
% of Intrinsic Value	176.48%
Opinion	Overvalued
MG Grade	C-

Stage 3: Information for Further Research

Graham Number	\$118.04
PEmg	22.19
PB Ratio	2.49
Dividend Yield	0.65%
Number of Consecutive Years of Dividend Growth	6

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	\$8.49	Next Fiscal Year Estimate	\$8.08
Dec2015	\$8.44	Dec2015	\$7.88
Dec2014	\$7.36	Dec2014	\$7.57
Dec2013	\$7.73	Dec2013	\$7.53
Dec2012	\$7.47	Dec2012	\$7.12
Dec2011	\$8.46	Dec2011	\$6.61
Dec2010	\$6.47	Dec2010	\$5.41
Dec2009	\$6.15	Dec2009	\$4.56
Dec2008	\$3.83	Dec2008	\$3.53
Dec2007	\$4.91	Dec2007	\$3.11
Dec2006	\$2.90	Dec2006	\$2.05
Dec2005	\$1.87	Dec2005	\$1.52
Dec2004	\$1.72	Dec2004	\$1.24
Dec2003	\$1.38	Dec2003	\$0.74
Dec2002	\$0.83	Dec2002	\$0.32
Dec2001	\$0.70	Dec2001	\$0.09
Dec2000	\$0.54	Dec2000	-\$0.13
Dec1999	-\$2.28	Balance Sheet Information 6/1/2016	
Dec1998	\$0.77	Long-Term Debt & Capital Lease Obligation	\$3,793,000,000
Dec1997	\$1.05	Total Assets	\$27,236,000,000
Dec1996	\$0.07	Intangible Assets	\$3,266,000,000
		Total Liabilities	\$16,362,000,000
		Shares Outstanding (Diluted Average)	150,806,000





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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[Humana Inc. Valuation – October 2015 Update \\$HUM](#)
[Humana Inc. Valuation – October 2015 Update \\$HUM](#)
[Humana Inc. Analysis – July 2015 Update \\$HUM](#)
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[Hartford Financial Services Group Inc Valuation – August 2016 \\$HIG](#)
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