

ModernGraham Valuation



Company Name:

T. Rowe Price Group Inc

Company Ticker TROW

Date of Analysis

8/25/2016

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	\$16,898,591,115	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.79	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	124.19%	Pass
6. Moderate PEmg Ratio	PEmg < 20	16.26	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.56	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	2.79	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	\$4.22
MG Growth Estimate	8.03%
MG Value	\$103.50
MG Value based on 3% Growth	\$61.12
MG Value based on 0% Growth	\$35.83
Market Implied Growth Rate	3.88%

MG Opinion

Current Price	\$68.55
% of Intrinsic Value	66.23%
Opinion	Undervalued
MG Grade	A

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$0.07
Graham Number	\$41.69
PEmg	16.26
Current Ratio	2.79
PB Ratio	3.56
Current Dividend	\$2.12
Dividend Yield	3.09%
Number of Consecutive Years of Dividend Growth	20

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[Google Finance](#) [MSN Money](#)
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[GuruFocus](#) [SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.98	Next Fiscal Year Estimate	\$4.22
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 6/1/2016	
Dec1998	\$0.67	Total Current Assets	\$1,702,600,000
Dec1997	\$0.57	Total Current Liabilities	\$610,400,000
Dec1996	\$0.40	Long-Term Debt	\$0
		Total Assets	\$6,581,700,000
		Intangible Assets	\$665,700,000
		Total Liabilities	\$1,720,800,000
		Shares Outstanding (Diluted Average)	252,100,000





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

- [10 Undervalued Companies for the Defensive Dividend Stock Investor – July 2016](#)
- [Dividend Growth Stocks for Intelligent Investors – July 2016](#)
- [Dividend Growth Stocks for Intelligent Investors – June 2016](#)
- [T.Rowe Price Group Inc Stock Valuation – February 2016 \\$TROW](#)
- [Dividend Growth Stocks for Intelligent Investors – February 2016](#)

Other ModernGraham posts about related companies

- [Franklin Resources Inc Valuation – August 2016 \\$BEN](#)
- [Equifax Inc Valuation – August 2016 \\$EFX](#)
- [Charles Schwab Corp Valuation – August 2016 \\$SCHW](#)
- [Northern Trust Corp Valuation – July 2016 \\$NTRS](#)
- [O'Reilly Automotive Inc Valuation – July 2016 \\$ORLY](#)
- [Invesco Ltd Valuation – July 2016 \\$IVZ](#)
- [Nasdaq Inc Valuation – July 2016 \\$NDAQ](#)
- [Leucadia National Corp Valuation – July 2016 \\$LUK](#)
- [E*Trade Financial Corp Valuation – July 2016 \\$ETFC](#)
- [CBRE Group Inc Valuation – July 2016 \\$CBG](#)