

ModernGraham Valuation

Company Name:

Company Ticker WU

Date of Analysis

12/9/2016

The Western Union
Company



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	\$10,676,481,228	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.05	Fail
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	36.24%	Pass
6. Moderate PEmg Ratio	PEmg < 20	13.76	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	7.78	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	1.05	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	15.02	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	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.60
MG Growth Estimate	0.29%
MG Value	\$14.52
MG Value based on 3% Growth	\$23.20
MG Value based on 0% Growth	\$13.60
Market Implied Growth Rate	2.63%

MG Opinion

Current Price	\$22.01
% of Intrinsic Value	151.61%
Opinion	Overvalued
MG Grade	D+

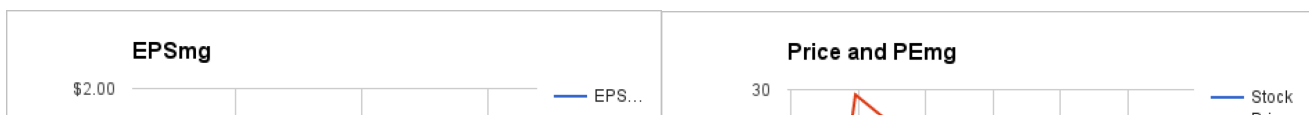
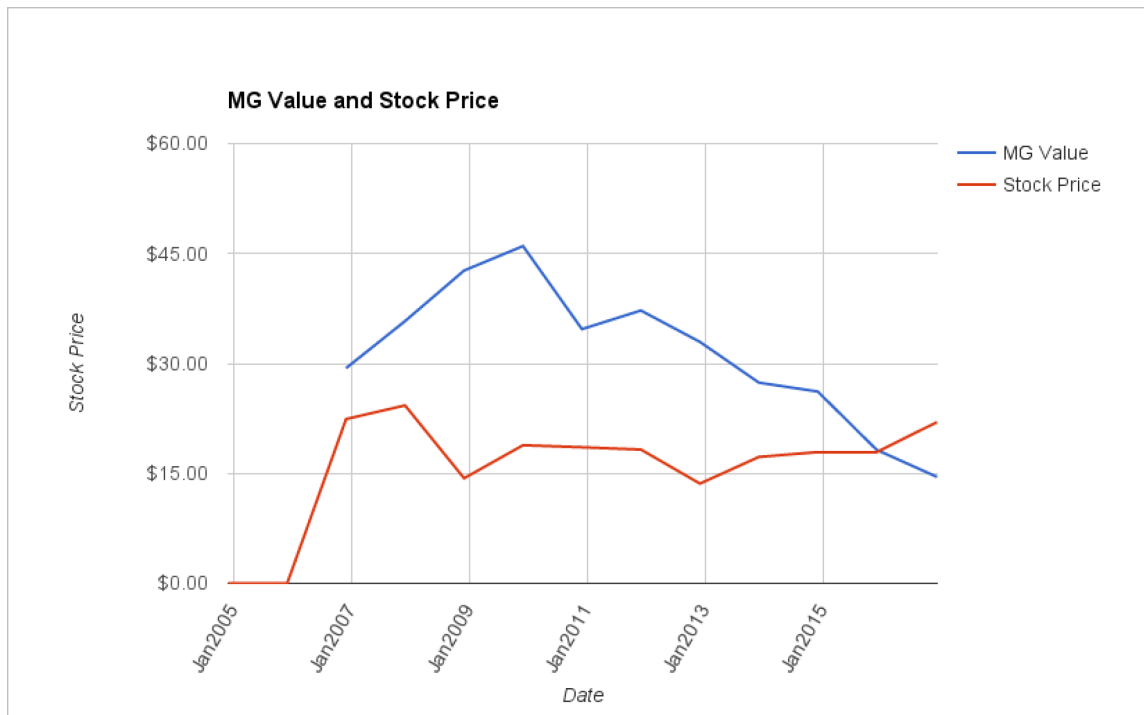
Stage 3: Information for Further Research

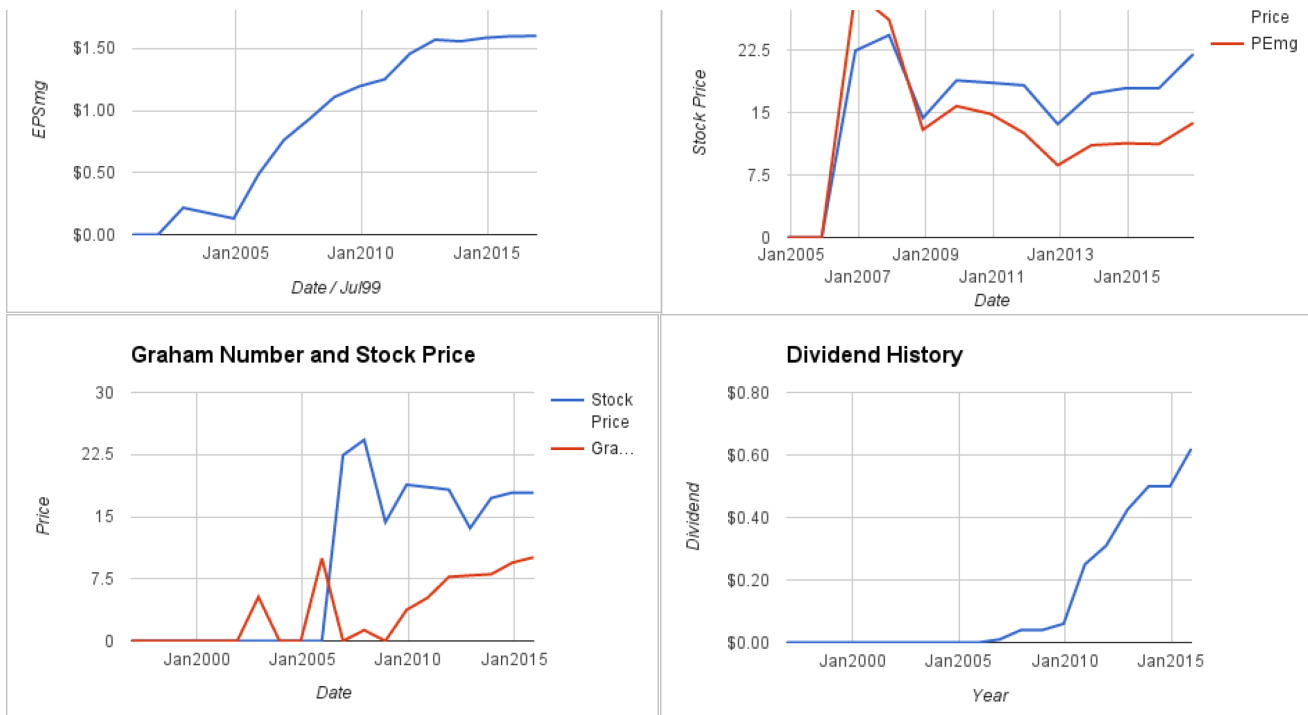
Net Current Asset Value (NCAV)	-\$7.06
Graham Number	\$10.27
PEmg	13.76
Current Ratio	1.05
PB Ratio	7.78
Current Dividend	\$0.64
Dividend Yield	2.89%
Number of Consecutive Years of Dividend Growth	2

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	\$1.64	Next Fiscal Year Estimate	\$1.60
Dec2015	\$1.62	Dec2015	\$1.60
Dec2014	\$1.59	Dec2014	\$1.59
Dec2013	\$1.43	Dec2013	\$1.56
Dec2012	\$1.69	Dec2012	\$1.57
Dec2011	\$1.84	Dec2011	\$1.46
Dec2010	\$1.36	Dec2010	\$1.25
Dec2009	\$1.21	Dec2009	\$1.20
Dec2008	\$1.24	Dec2008	\$1.11
Dec2007	\$1.11	Dec2007	\$0.93
Dec2006	\$1.19	Dec2006	\$0.76
Dec2005	\$1.21	Dec2005	\$0.49
Dec2004	\$0.00	Dec2004	\$0.13
Dec2003	\$0.00	Dec2003	\$0.17
Dec2002	\$0.65	Dec2002	\$0.22
Dec2001	\$0.00	Dec2001	\$0.00
Dec2000	\$0.00	Dec2000	\$0.00
Dec1999	\$0.00	Balance Sheet Information 9/1/2016	
Dec1998	\$0.00	Total Current Assets	\$4,669,700,000
Dec1997	\$0.00	Total Current Liabilities	\$4,455,000,000
Dec1996	\$0.00	Long-Term Debt	\$3,224,800,000
		Total Assets	\$9,518,700,000
		Intangible Assets	\$3,855,700,000
		Total Liabilities	\$8,131,100,000
		Shares Outstanding (Diluted Average)	490,300,000





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

- [Western Union Company Analysis – 2015 Update \\$WU](#)
- [19 Companies in the Spotlight This Week – 8/9/14](#)
- [The Western Union Company Annual Valuation – 2014 \\$WU](#)

Other ModernGraham posts about related companies

- [Main Street Capital Corporation Valuation – September 2016 \\$MAIN](#)
- [Navient Corp Valuation – August 2016 \\$NAVI](#)
- [T Rowe Price Group Inc Valuation – August 2016 \\$TROW](#)
- [Moody's Corporation Valuation – August 2016 \\$MCO](#)
- [KKR & Co L.P. Valuation – August 2016 \\$KKR](#)
- [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](#)