

ModernGraham Valuation

Affiliated Managers
Group, Inc.



Company Name:

Company Ticker AMG

Date of Analysis

1/12/2017

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	\$7,935,583,762	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.01	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. 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	353.56%	Pass
5. Earnings Growth	PEmg < 20	17.15	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.54	Pass
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	2.01	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.60	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago		Pass
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$8.33
MG Growth Estimate	15.00%
MG Value	\$320.53
MG Value based on 3% Growth	\$120.72
MG Value based on 0% Growth	\$70.77
Market Implied Growth Rate	4.33%

MG Opinion

Current Price	\$142.82
% of Intrinsic Value	44.56%
Opinion	Undervalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$70.22
Graham Number	\$109.36
PEmg	17.15
Current Ratio	2.01
PB Ratio	2.54
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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	\$9.47	Next Fiscal Year Estimate	\$8.33
Dec2015	\$9.28	Dec2015	\$7.18
Dec2014	\$8.01	Dec2014	\$5.67
Dec2013	\$6.55	Dec2013	\$4.15
Dec2012	\$3.28	Dec2012	\$2.67
Dec2011	\$3.11	Dec2011	\$2.36
Dec2010	\$2.81	Dec2010	\$2.15
Dec2009	\$1.38	Dec2009	\$2.05
Dec2008	-\$0.03	Dec2008	\$2.46
Dec2007	\$4.55	Dec2007	\$3.45
Dec2006	\$3.74	Dec2006	\$2.72
Dec2005	\$2.81	Dec2005	\$2.11
Dec2004	\$2.02	Dec2004	\$1.73
Dec2003	\$1.57	Dec2003	\$1.62
Dec2002	\$1.65	Dec2002	\$1.62
Dec2001	\$1.47	Dec2001	\$1.31
Dec2000	\$1.66	Dec2000	\$0.95
Dec1999	\$2.12	Balance Sheet Information 9/1/2016	
Dec1998	\$0.89	Total Current Assets	\$1,166,300,000
Dec1997	-\$2.46	Total Current Liabilities	\$579,400,000
Dec1996	-\$0.24	Long-Term Debt	\$2,113,300,000
		Total Assets	\$8,323,400,000
		Intangible Assets	\$4,190,600,000
		Total Liabilities	\$5,140,700,000
		Shares Outstanding (Diluted Average)	56,600,000





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

[Affiliated Managers Group Analysis – Initial Coverage \\$AMG](#)

Other
ModernGraham
posts about related
companies

[Corelogic Inc Valuation – Initial Coverage \\$CLGX](#)

[CI Financial Corp Valuation – Initial Coverage \\$TSE-CIX](#)

[Stifel Financial Corp Valuation – Initial Coverage \\$SF](#)

[SEI Investments Company Valuation – Initial Coverage \\$SEIC](#)

[INTL Fcstone Inc Valuation – Initial Coverage \\$INTL](#)

[SLM Corp Valuation – December 2016 \\$SLM](#)

[The Western Union Company Valuation – December 2016 \\$WU](#)

[IGM Financial Inc Valuation – Initial Coverage \\$IGM](#)

[Main Street Capital Corporation Valuation – September 2016 \\$MAIN](#)

[Navient Corp Valuation – August 2016 \\$NAVI](#)