# **ModernGraham Valuation**

## **Company Name:**

Harman International Industries Inc



Company Ticker HAR
Date of Analysis

1/31/2017

#### 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	\$7,751,213,250 F	oass -
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.62 F	ail
3. Earnings Stability	Positive EPS for 10 years prior	F	ail
4. Dividend Record	Dividend Payments for 10 years prior	F	ail
	Increase of 33% in EPS in past 10 years using 3 year averages at		
5. Earnings Growth	beginning and end	-564.29% F	ail
Moderate PEmg Ratio	PEmg < 20	23.12 F	ail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.09 F	ail

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	1.62 Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.03 Pass
3. Earnings Stability	Positive EPS for 5 years prior	Pass
Dividend Record	Currently Pays Dividend	Pass
5. Earnings Growth	EPSmg greater than 5 years ago	Pass
	_	

Score

Suitability

MG Opinion

Defensive No Enterprising Yes

### Stage 2: Determination of Intrinsic Value

EPSmg	\$4.81
MG Growth Estimate	15.00%
MG Value	\$185.03
MG Value based on 3% Growth	\$69.69
MG Value based on 0% Growth	\$40.85
Market Implied Growth Rate	7.31%
Current Price	\$111.10
% of Intrinsic Value	60.04%

Opinion Undervalued

MG Grade C+

#### Stage 3: Information for Further Research

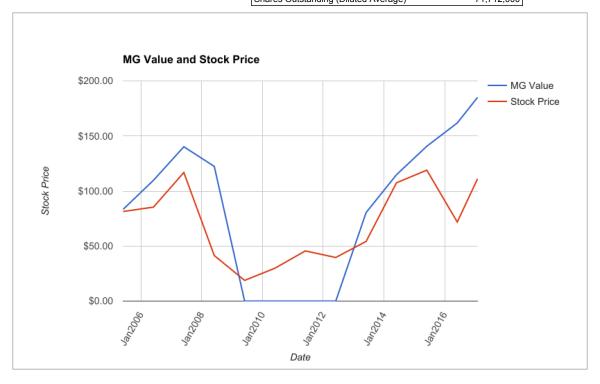
Net Current Asset Value (NCAV)	-\$7.03
Graham Number	\$69.19
PEmg	23.12
Current Ratio	1.62
PB Ratio	3.09
Current Dividend	\$1.40
Dividend Yield	1.26%
Number of Consecutive Years of Dividend	_
Growth	1

Morningstar

Useful Links: ModernGraham tagged articles

Google FinanceMSN MoneyYahoo FinanceSeeking AlphaGuruFocusSEC Filings

EPS History		EPSmg History	
Next Fiscal Year			
Estimate	• •	Next Fiscal Year Estimate	\$4.81
Jun2016	\$4.99	Jun2016	\$4.20
Jun2015	\$4.84	Jun2015	\$3.65
Jun2014	\$3.36	Jun2014	\$2.98
Jun2013	\$2.04	Jun2013	\$2.09
Jun2012	\$4.57	Jun2012	\$1.62
Jun2011	\$1.90	Jun2011	\$0.31
Jun2010	\$2.25	Jun2010	\$0.02
Jun2009	-\$7.34	Jun2009	-\$0.32
Jun2008	\$1.73	Jun2008	\$3.18
Jun2007	\$4.72	Jun2007	\$3.64
Jun2006	\$3.75	Jun2006	\$2.85
Jun2005	\$3.31	Jun2005	\$2.16
Jun2004	\$2.27	Jun2004	\$1.47
Jun2003	\$1.55	Jun2003	\$0.99
Jun2002	\$0.85	Jun2002	\$0.68
Jun2001	\$0.48	Jun2001	\$0.61
Jun2000	\$1.03	Balance Sheet Information	12/1/2016
Jun1999	\$0.16	Total Current Assets	\$3,251,324,000
Jun1998	\$0.67	Total Current Liabilities	\$2,011,374,000
Jun1997	\$0.73	Long-Term Debt	\$1,279,601,000
		Total Assets	\$6,331,623,000
		Intangible Assets	\$1,936,429,000
		Total Liabilities	\$3,755,164,000
		Shares Outstanding (Diluted Average)	71,712,000





#### 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 <u>Harman International Industries Analysis – September 2015 Update \$HAR</u>

<u>Harman International Industries Analysis – June 2015 Quarterly Update \$HAR</u>

 $\underline{\textbf{23 Companies in the Spotlight This Week}-3/9/15}$ 

<u>Harman International Industries Inc. Quarterly Valuation – March 2015 \$HAR</u>

32 Companies in the Spotlight This Week – 12/6/14

Other ModernGraham posts about related companies BorgWarner Inc Valuation – December 2016 \$BWA Ford Motor Company Valuation – November 2016 \$F

CarMax Inc Valuation - November 2016 \$KMX

Advance Auto Parts Inc Valuation – November 2016 \$AAP

General Motors Company Valuation – November 2016 \$GM

Delphi Automotive PLC Valuation – August 2016 \$DLPH Carmax Inc Valuation – August 2016 \$KMX

BorgWarner Inc Valuation – August 2016 \$BWA Ford Motor Company Valuation – August 2016 \$F

O'Reilly Automotive Inc Valuation - July 2016 \$ORLY