

ModernGraham Valuation

Company Name:

Company Ticker HAR

Date of Analysis

1/31/2017

Harman International
Industries Inc



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	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.62	Fail
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	-564.29%	Fail
5. Earnings Growth	PEmg < 20	23.12	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	3.09	Fail
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	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
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass
	Score		

Suitability

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%

MG Opinion

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	7

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	\$5.77	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.

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[General Motors Company Valuation – November 2016 \\$GM](#)
[Delphi Automotive PLC Valuation – August 2016 \\$DLP](#)
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