

ModernGraham Valuation

T. Rowe Price Group
Inc



Company Name:

Company Ticker TROW

Date of Analysis

6/28/2017

Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass all 6 of the following tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$18,168,532,991	Pass
2. Earnings Stability	Positive EPS for 10 years prior		Pass
3. Dividend Record	Dividend Payments for 10 years prior		Pass
4. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	148.00%	Pass
5. Moderate PEmg Ratio	PEmg < 20	15.34	Pass
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.68	Fail

Enterprising Investor; must pass all 3 of the following tests, or be suitable for the Defensive Investor.

1. Earnings Stability	Positive EPS for 5 years prior		Pass
2. Dividend Record	Currently Pays Dividend		Pass
3. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	4.89
MG Growth Estimate	7.74%
MG Value	\$117.33
MG Value based on 3% Growth	\$70.94
MG Value based on 0% Growth	\$41.59
Market Implied Growth Rate	3.42%

MG Opinion

Current Price	\$75.04
% of Intrinsic Value	63.96%
Opinion	Undervalued
MG Grade	B

Stage 3: Information for Further Research

Graham Number	\$50.32
PEmg	15.34
PB Ratio	3.68
Dividend Yield	2.88%
Number of Consecutive Years of Dividend Growth	20

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	\$5.50	Next Fiscal Year Estimate	\$4.89
Dec2016	\$4.75	Dec2016	\$4.47
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	Balance Sheet Information 3/1/2017	
Dec1999	\$0.93	Long-Term Debt & Capital Lease Obligation	\$0
Dec1998	\$0.67	Total Assets	\$6,275,600,000
Dec1997	\$0.57	Intangible Assets	\$665,700,000
		Total Liabilities	\$1,275,400,000
		Shares Outstanding (Diluted Average)	245,500,000





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**
- [Tricon Capital Group Inc Valuation – Initial Coverage \\$TSE:TCN](#)
 - [Moody's Corporation Valuation – March 2017 \\$MCO](#)
 - [KKR & Co Ltd Valuation – March 2017 \\$KKR](#)
 - [Charles Schwab Corp Valuation – March 2017 \\$SCHW](#)
 - [Synchrony Financial Valuation – Initial Coverage \\$SYF](#)
 - [Franklin Resources Inc Valuation – February 2017 \\$BEN](#)
 - [S&P Global Inc Valuation – Initial Coverage \\$SPGI](#)
 - [CME Group Inc Valuation – February 2017 \\$CME](#)
 - [Equifax Inc Valuation – February 2017 \\$EFX](#)
 - [Janus Capital Group Inc Valuation – Initial Coverage \\$JNS](#)