

ModernGraham Valuation



T. Rowe Price Group
Inc

Company Name:

Company Ticker TROW

Date of Analysis

7/16/2017

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	\$19,611,175,233	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.53	Pass
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	152.00%	Pass
6. Moderate PEmg Ratio	PEmg < 20	16.13	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.94	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	2.53	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	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 Score		Pass

Suitability

Defensive	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.97
MG Growth Estimate	8.11%
MG Value	\$122.94
MG Value based on 3% Growth	\$72.10
MG Value based on 0% Growth	\$42.27
Market Implied Growth Rate	3.82%

MG Opinion

Current Price	\$80.23
% of Intrinsic Value	65.26%
Opinion	Undervalued
MG Grade	A

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$3.21
Graham Number	\$51.41
PEmg	16.13
Current Ratio	2.53
PB Ratio	3.94
Current Dividend	\$2.16
Dividend Yield	2.69%
Number of Consecutive Years of Dividend Growth	20

Useful Links:

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[GuruFocus](#)

[Morningstar](#)
[MSN Money](#)
[Seeking Alpha](#)
[SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$5.74	Next Fiscal Year Estimate	\$4.97
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	Total Current Assets	\$2,063,300,000
Dec1998	\$0.67	Total Current Liabilities	\$816,300,000
Dec1997	\$0.57	Long-Term Debt	\$0
		Total Assets	\$6,275,600,000
		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**
- [T.Rowe Price Group Inc Valuation – June 2017 \\$TROW](#)
 - [Best Dividend Paying Stocks for Dividend Growth Investors – March 2017](#)
 - [Best Dividend Paying Stocks for Dividend Growth Investors – February 2017](#)
 - [10 Undervalued Companies for the Defensive Dividend Stock Investor – February 2017](#)
 - [10 Undervalued Companies for the Defensive Dividend Stock Investor – January 2017](#)

- Other ModernGraham posts about related companies**
- [T.Rowe Price Group Inc Valuation – June 2017 \\$TROW](#)
 - [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](#)