

ModernGraham Valuation

Company Name:

Harley-Davidson Inc

Company Ticker HOG

Date of Analysis

8/22/2017



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	\$8,183,423,170	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.27	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	249.84%	Pass
5. Earnings Growth	PEmg < 20	13.02	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	4.11	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	1.27	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	5.26	Fail
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	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.69
MG Growth Estimate	8.08%
MG Value	\$90.87
MG Value based on 3% Growth	\$53.44
MG Value based on 0% Growth	\$31.33
Market Implied Growth Rate	2.26%

MG Opinion

Current Price	\$47.97
% of Intrinsic Value	52.79%
Opinion	Undervalued
MG Grade	C

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$23.94
Graham Number	\$29.61
PEmg	13.02
Current Ratio	1.27
PB Ratio	4.11
Current Dividend	\$1.40
Dividend Yield	2.92%
Number of Consecutive Years of Dividend Growth	6

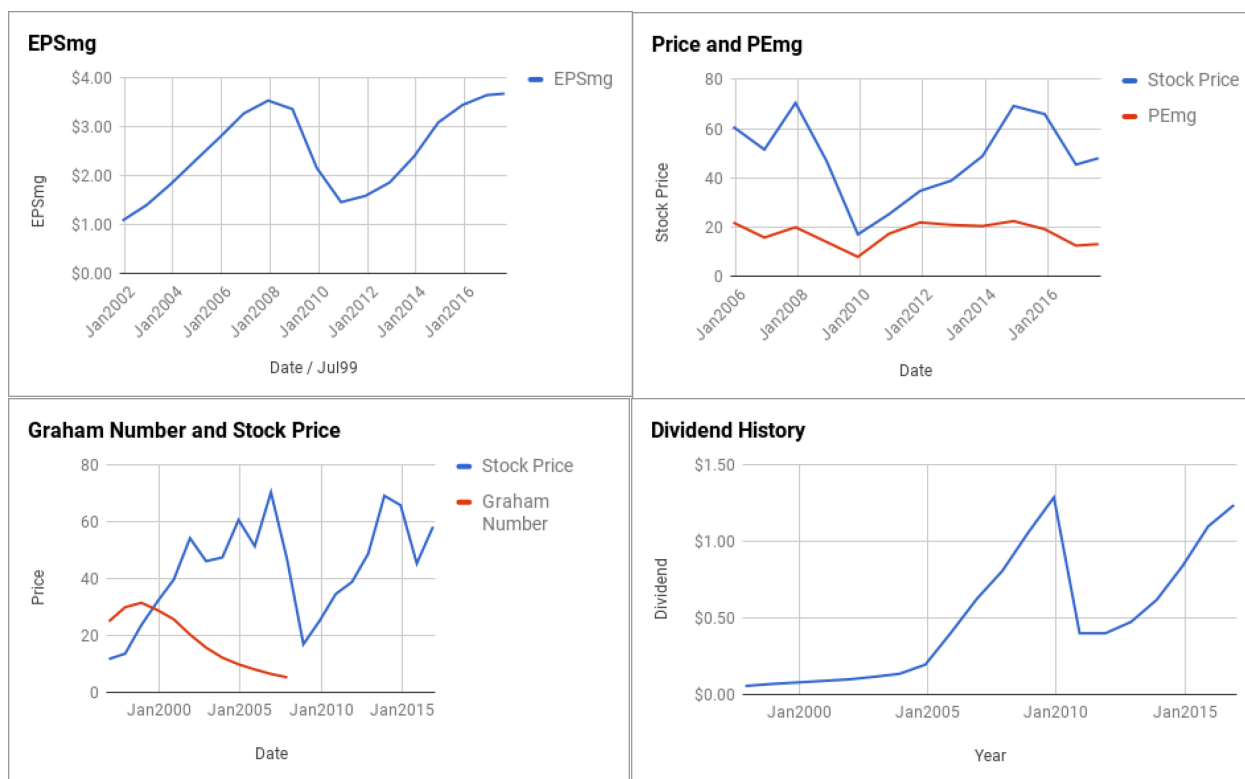
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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Dec2016	\$3.57	Dec2016	\$3.69
Dec2015	\$3.83	Dec2015	\$3.66
Dec2014	\$3.69	Dec2014	\$3.45
Dec2013	\$3.88	Dec2013	\$3.09
Dec2012	\$3.28	Dec2012	\$2.40
Dec2011	\$2.72	Dec2011	\$1.86
Dec2010	\$2.55	Dec2010	\$1.59
Dec2009	\$0.62	Dec2009	\$1.46
Dec2008	-\$0.24	Dec2008	\$2.16
Dec2007	\$2.79	Dec2007	\$3.37
Dec2006	\$3.74	Dec2006	\$3.54
Dec2005	\$3.93	Dec2005	\$3.28
Dec2004	\$3.41	Dec2004	\$2.79
Dec2003	\$3.00	Dec2003	\$2.31
Dec2002	\$2.50	Dec2002	\$1.83
Dec2001	\$1.90	Dec2001	\$1.40
Dec2000	\$1.43	Dec2000	\$1.08
Dec1999	\$1.13	Balance Sheet Information	
Dec1998	\$0.86	6/1/2017	
Dec1997	\$0.69	Total Current Assets	\$4,244,602,000
	\$0.57	Total Current Liabilities	\$3,354,761,000
		Long-Term Debt	\$4,678,350,000
		Total Assets	\$10,487,771,000
		Intangible Assets	\$54,630,000
		Total Liabilities	\$8,441,604,000
		Shares Outstanding (Diluted Average)	175,324,000





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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