

# ModernGraham Valuation

## Company Name:

Company Ticker THG  
Date of Analysis

Hanover Insurance  
Group Inc

9/4/2017



## 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	\$4,147,156,915	Pass
2. Earnings Stability	Positive EPS for 10 years prior		Pass
3. 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	114.34%	Pass
4. Earnings Growth	PEmg < 20	18.07	Pass
5. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.41	Pass
6. Moderate Price to Assets			

*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	Yes
Enterprising	Yes

## Stage 2: Determination of Intrinsic Value

EPSmg	5.41
MG Growth Estimate	11.59%
<b>MG Value</b>	<b>\$171.53</b>
MG Value based on 3% Growth	\$78.50
MG Value based on 0% Growth	\$46.02
Market Implied Growth Rate	4.79%

### MG Opinion

Current Price	\$97.85
% of Intrinsic Value	57.05%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>C+</b>

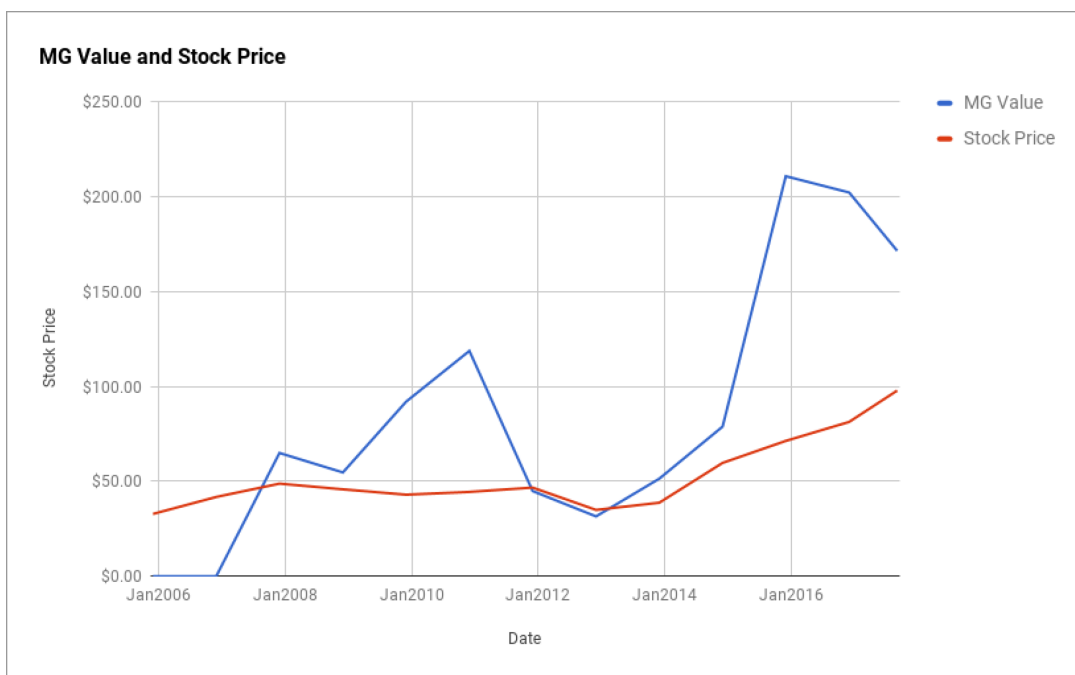
## Stage 3: Information for Further Research

Graham Number	\$89.65
PEmg	18.07
PB Ratio	1.41
Dividend Yield	1.92%
Number of Consecutive Years of Dividend Growth	12

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$5.30	Next Fiscal Year Estimate	\$5.41
Dec2016	\$3.59	Dec2016	\$5.25
Dec2015	\$7.40	Dec2015	\$5.48
Dec2014	\$6.28	Dec2014	\$4.16
Dec2013	\$5.59	Dec2013	\$3.05
Dec2012	\$1.23	Dec2012	\$1.83
Dec2011	\$0.80	Dec2011	\$2.30
Dec2010	\$3.34	Dec2010	\$3.08
Dec2009	\$3.86	Dec2009	\$2.39
Dec2008	\$0.40	Dec2008	\$1.42
Dec2007	\$4.83	Dec2007	\$1.69
Dec2006	\$3.27	Dec2006	-\$0.23
Dec2005	-\$6.08	Dec2005	-\$1.85
Dec2004	\$2.34	Dec2004	\$0.30
Dec2003	\$1.64	Dec2003	-\$0.16
Dec2002	-\$5.79	Dec2002	-\$0.27
Dec2001	-\$0.06	Dec2001	\$2.75
Dec2000	\$3.70	<b>Balance Sheet Information 6/1/2017</b>	
Dec1999	\$5.33	Long-Term Debt & Capital Lease Obligation	\$786,700,000
Dec1998	\$3.43	Total Assets	\$14,792,700,000
Dec1997	\$3.82	Intangible Assets	\$185,200,000
		Total Liabilities	\$11,820,200,000
		Shares Outstanding (Diluted Average)	42,800,000





**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

#N/A

Other  
ModernGraham  
posts about related  
companies

[Prudential Financial Inc Valuation – July 2017 \\$PRU](#)  
[Assurant Inc Valuation – March 2017 \\$AIZ](#)  
[American International Group Inc Valuation – March 2017 \\$AIG](#)  
[Torchmark Corporation Valuation – March 2017 \\$TMK](#)  
[Humana Inc Valuation – Initial Coverage \\$HUM](#)  
[Chubb Ltd Valuation – March 2017 \\$CB](#)  
[Stewart Information Services Corp Valuation – Initial Coverage \\$STC](#)  
[Loews Corporation – February 2017 \\$L](#)  
[Kemper Corp Valuation – Initial Coverage \\$KMPR](#)  
[CNO Financial Group Inc Valuation – January 2017 \\$CNO](#)