ModernGraham Valuation

Company Name: **Progressive Corp**

Company Ticker   PGR

Date of Analysis   2/28/2018

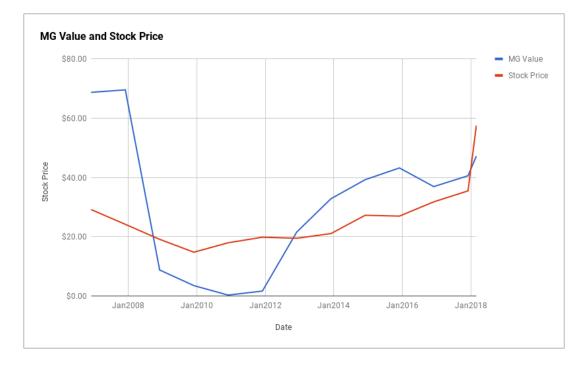## Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

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

1. Adequate Size of the Enterprise	Market Cap > $2Bil	$33,490,488,743	Pass
2. Earnings Stability	Positive EPS for 10 years prior		Pass
3. Dividend Record	Dividend Payments for 10 years prior		Fail
4. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	55.77%	Pass
5. Moderate PEmg Ratio	PEmg < 20	23.12	Fail
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.63	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	2.49
MG Growth Estimate	5.23%
MG Value	**$47.23**
MG Value based on 3% Growth	$36.11
MG Value based on 0% Growth	$21.17
Market Implied Growth Rate	7.31%

MG Opinion

Current Price	$57.58
% of Intrinsic Value	121.92%
Opinion	**Overvalued**
MG Grade	**C-**

Stage 3: Information for Further Research

Graham Number	$32.55
PEmg	23.12
PB Ratio	3.63
Dividend Yield	1.18%
Number of Consecutive Years of Dividend Growth	0

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	$2.95	Next Fiscal Year Estimate	$2.49
Dec2017	$2.72	Dec2017	$2.22
Dec2016	$1.76	Dec2016	$1.95
Dec2015	$2.15	Dec2015	$1.98
Dec2014	$2.15	Dec2014	$1.85
Dec2013	$1.93	Dec2013	$1.68
Dec2012	$1.48	Dec2012	$1.44
Dec2011	$1.59	Dec2011	$1.37
Dec2010	$1.61	Dec2010	$1.30
Dec2009	$1.57	Dec2009	$1.22
Dec2008	-$0.10	Dec2008	$1.19
Dec2007	$1.65	Dec2007	$1.81
Dec2006	$2.10	Dec2006	$1.79
Dec2005	$1.74	Dec2005	$1.50
Dec2004	$1.91	Dec2004	$1.23
Dec2003	$1.42	Dec2003	$0.79
Dec2002	$0.75	Dec2002	$0.46
Dec2001	$0.46	**Balance Sheet Information**	**12/1/2017**
Dec2000	$0.05	Long-Term Debt & Capital Lease Obligation	$3,306,300,000
Dec1999	$0.33	Total Assets	$38,701,200,000
Dec1998	$0.51	Intangible Assets	$819,300,000
		Total Liabilities	$29,416,400,000
		Shares Outstanding (Diluted Average)	585,700,000

MG Value and Stock Price

EPSmg

Price and PEmg

Graham Number and Stock Price

Dividend History

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	Progressive Corporation Valuation – June 2016 $PGR
	11 Best Stocks For Value Investors This Week – 11/21/15
	Progressive Corp Valuation – November 2015 Update $PGR
	The Best Companies of the Insurance Industry – October 2015
	15 Best Stocks For Value Investors This Week – 8/22/15
Other ModernGraham posts about related companies	Aon PLC Valuation – February 2018 $AON
	Travelers Companies Inc Valuation – February 2018 $TRV
	Hanover Insurance Group Valuation – Initial Coverage $THG
	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