

ModernGraham Valuation

Principal Financial
Group Inc



Company Name:

Company Ticker PFG

Date of Analysis

3/5/2018

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	\$17,776,233,579	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	206.69%	Pass
5. Moderate PEmg Ratio	PEmg < 20	10.92	Pass
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.41	Pass

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	5.62
MG Growth Estimate	14.03%
MG Value	\$205.39
MG Value based on 3% Growth	\$81.48
MG Value based on 0% Growth	\$47.76
Market Implied Growth Rate	1.21%

MG Opinion

Current Price	\$61.37
% of Intrinsic Value	29.88%
Opinion	Undervalued
MG Grade	B+

Stage 3: Information for Further Research

Graham Number	\$74.18
PEmg	10.92
PB Ratio	1.41
Dividend Yield	3.05%
Number of Consecutive Years of Dividend Growth	9

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	\$5.62
Dec2017	\$7.88	Dec2017	\$5.32
Dec2016	\$4.50	Dec2016	\$3.88
Dec2015	\$4.06	Dec2015	\$3.39
Dec2014	\$3.65	Dec2014	\$2.90
Dec2013	\$2.95	Dec2013	\$2.44
Dec2012	\$2.58	Dec2012	\$2.13
Dec2011	\$1.91	Dec2011	\$1.97
Dec2010	\$1.95	Dec2010	\$2.16
Dec2009	\$1.97	Dec2009	\$2.42
Dec2008	\$1.63	Dec2008	\$2.70
Dec2007	\$3.09	Dec2007	\$3.15
Dec2006	\$3.74	Dec2006	\$2.93
Dec2005	\$3.11	Dec2005	\$2.31
Dec2004	\$2.62	Dec2004	\$1.70
Dec2003	\$2.28	Dec2003	\$1.07
Dec2002	\$0.41	Dec2002	\$0.40
Dec2001	\$0.99	Balance Sheet Information 12/1/2017	
Dec2000	\$0.00	Long-Term Debt & Capital Lease Obligation	\$3,178,400,000
Dec1999	\$0.00	Total Assets	\$253,941,200,000
Dec1998	\$0.00	Intangible Assets	\$2,383,500,000
		Total Liabilities	\$241,091,900,000
		Shares Outstanding (Diluted Average)	294,300,000





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**
- [Principal Financial Group Inc Valuation – August 2016 \\$PFG](#)
 - [10 Undervalued Stocks for the Defensive Investor – August 2016](#)
 - [10 Undervalued Companies for the Defensive Dividend Stock Investor – July 2016](#)
 - [10 Most Undervalued Companies for the Defensive Investor – July 2016](#)
 - [10 Undervalued Companies for the Defensive Dividend Stock Investor – June 2016](#)

- Other ModernGraham posts about related companies**
- [Progressive Corp Valuation – February 2018 \\$PGR](#)
 - [Cincinnati Financial Corp Valuation – February 2018 \\$CINF](#)
 - [Lincoln National Corp Valuation – February 2018 \\$LNC](#)
 - [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](#)