

ModernGraham Valuation

The Western Union
Company



Company Name:

Company Ticker WU

Date of Analysis

4/29/2018

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	\$9,018,657,069	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.79	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	-74.60%	Fail
5. Earnings Growth	PEmg < 20	27.37	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	-18.10	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	0.79	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-2.32	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago Score		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$0.71
MG Growth Estimate	-4.25%
MG Value	\$0.00
MG Value based on 3% Growth	\$10.25
MG Value based on 0% Growth	\$6.01
Market Implied Growth Rate	9.43%

MG Opinion

Current Price	\$19.34
% of Intrinsic Value	N/A
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$10.21
Graham Number	\$0.00
PEmg	27.37
Current Ratio	0.79
PB Ratio	-18.10
Current Dividend	\$0.70
Dividend Yield	3.62%
Number of Consecutive Years of Dividend Growth	3

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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
	\$1.80		\$0.71
Dec2017	-\$1.19	Dec2017	\$0.37
Dec2016	\$0.51	Dec2016	\$1.22
Dec2015	\$1.62	Dec2015	\$1.60
Dec2014	\$1.59	Dec2014	\$1.59
Dec2013	\$1.43	Dec2013	\$1.56
Dec2012	\$1.69	Dec2012	\$1.57
Dec2011	\$1.84	Dec2011	\$1.46
Dec2010	\$1.36	Dec2010	\$1.25
Dec2009	\$1.21	Dec2009	\$1.20
Dec2008	\$1.24	Dec2008	\$1.11
Dec2007	\$1.11	Dec2007	\$0.93
Dec2006	\$1.19	Dec2006	\$0.76
Dec2005	\$1.21	Dec2005	\$0.49
Dec2004	\$0.00	Dec2004	\$0.13
Dec2003	\$0.00	Dec2003	\$0.17
Dec2002	\$0.65	Dec2002	\$0.22
Dec2001	\$0.00	Balance Sheet Information 12/1/2017	
Dec2000	\$0.00	Total Current Assets	\$5,027,100,000
Dec1999	\$0.00	Total Current Liabilities	\$6,332,400,000
Dec1998	\$0.00	Long-Term Debt	\$3,033,600,000
		Total Assets	\$9,231,400,000
		Intangible Assets	\$3,314,200,000
		Total Liabilities	\$9,722,800,000
		Shares Outstanding (Diluted Average)	459,800,000





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

- [The Western Union Company Valuation – December 2016 \\$WU](#)
- [Western Union Company Analysis – 2015 Update \\$WU](#)
- [19 Companies in the Spotlight This Week – 8/9/14](#)
- [The Western Union Company Annual Valuation – 2014 \\$WU](#)

Other ModernGraham posts about related companies

- [Northern Trust Corp Valuation – April 2018 \\$NTRS](#)
- [Nasdaq Inc Valuation – April 2018 \\$NDAQ](#)
- [Leucadia National Corp Valuation – March 2018 \\$LUK](#)
- [E*Trade Financial Corp Valuation – March 2018 \\$ETFC](#)
- [Cboe Global Markets Inc Valuation – Initial Coverage \\$CBOE](#)
- [Raymond James Financial Inc Valuation – March 2018 \\$RJF](#)
- [Marsh & McLennan Companies Inc Valuation – March 2018 \\$MMC](#)
- [Fidelity National Information Services Inc Valuation – March 2018 \\$FIS](#)
- [Intercontinental Exchange Inc Valuation – March 2018 \\$ICE](#)
- [H&R Block Inc Valuation – March 2018 \\$HRB](#)