

ModernGraham Valuation

Company Name:

Company Ticker BEN

Date of Analysis

5/22/2018

Franklin Resources,
Inc.



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	\$18,410,477,599	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.00	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
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	13.52%	Fail
5. Earnings Growth	PEmg < 20	13.96	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.81	Pass
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	3.00	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.17	Pass
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		Fail
	Score		

Suitability

Defensive	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.47
MG Growth Estimate	-3.71%
MG Value	\$4.29
MG Value based on 3% Growth	\$35.80
MG Value based on 0% Growth	\$20.98
Market Implied Growth Rate	2.73%

MG Opinion

Current Price	\$34.47
% of Intrinsic Value	804.35%
Opinion	Overvalued
MG Grade	B+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$4.29
Graham Number	\$24.36
PEmg	13.96
Current Ratio	3.00
PB Ratio	1.81
Current Dividend	\$0.80
Dividend Yield	2.32%
Number of Consecutive Years of Dividend Growth	20

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.16	Next Fiscal Year Estimate	\$2.47
Sep2017	\$3.01	Sep2017	\$3.18
Sep2016	\$2.94	Sep2016	\$3.26
Sep2015	\$3.29	Sep2015	\$3.37
Sep2014	\$3.79	Sep2014	\$3.28
Sep2013	\$3.37	Sep2013	\$2.86
Sep2012	\$2.98	Sep2012	\$2.50
Sep2011	\$2.87	Sep2011	\$2.23
Sep2010	\$2.11	Sep2010	\$1.91
Sep2009	\$1.28	Sep2009	\$1.80
Sep2008	\$2.22	Sep2008	\$1.93
Sep2007	\$2.34	Sep2007	\$1.65
Sep2006	\$1.62	Sep2006	\$1.21
Sep2005	\$1.35	Sep2005	\$0.94
Sep2004	\$0.92	Sep2004	\$0.73
Sep2003	\$0.66	Sep2003	\$0.63
Sep2002	\$0.55	Sep2002	\$0.63
Sep2001	\$0.64	Balance Sheet Information 3/1/2018	
Sep2000	\$0.76	Total Current Assets	\$9,625,500,000
Sep1999	\$0.56	Total Current Liabilities	\$3,204,500,000
Sep1998	\$0.66	Long-Term Debt	\$1,078,800,000
		Total Assets	\$17,690,000,000
		Intangible Assets	\$2,242,300,000
		Total Liabilities	\$7,287,800,000
		Shares Outstanding (Diluted Average)	545,500,000





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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