

ModernGraham Valuation

Company Name:

Legg Mason Inc

Company Ticker LM

Date of Analysis

6/30/2018



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	\$2,972,262,474	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.96	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	92.87%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	13.90	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	0.77	Pass

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	1.96	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.35	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		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.50
MG Growth Estimate	15.00%
MG Value	\$96.17
MG Value based on 3% Growth	\$36.22
MG Value based on 0% Growth	\$21.23
Market Implied Growth Rate	2.70%

MG Opinion

Current Price	\$34.73
% of Intrinsic Value	36.11%
Opinion	Undervalued
MG Grade	B-

Stage 3: Information for Further Research

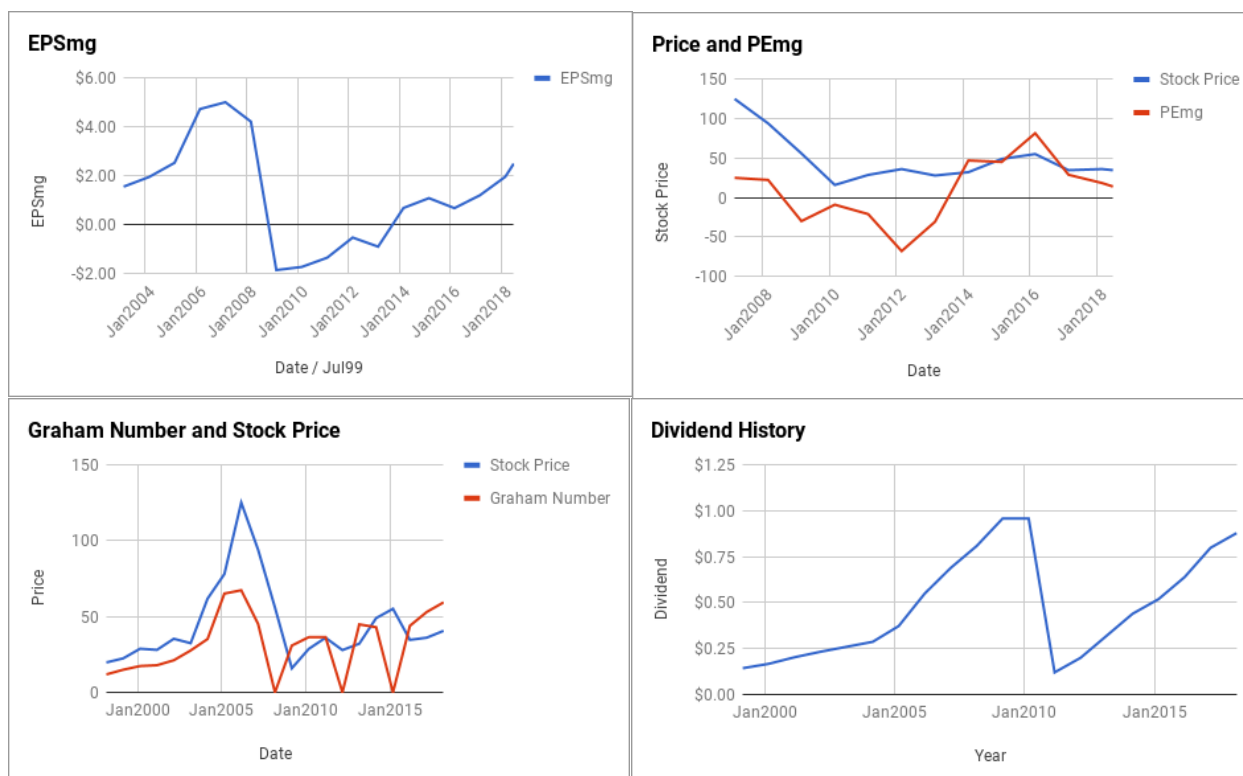
Net Current Asset Value (NCAV)	-\$27.85
Graham Number	\$59.43
PEmg	13.90
Current Ratio	1.96
PB Ratio	0.77
Current Dividend	\$1.12
Dividend Yield	3.22%
Number of Consecutive Years of Dividend Growth	8

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		Next Fiscal Year Estimate	
Mar2018	\$3.47	Mar2018	\$2.50
Mar2017	\$3.01	Mar2017	\$1.96
Mar2016	\$2.18	Mar2016	\$1.20
Mar2015	-\$0.25	Mar2015	\$0.68
Mar2014	\$2.04	Mar2014	\$1.09
Mar2013	\$2.33	Mar2013	\$0.68
Mar2012	-\$2.65	Mar2012	-\$0.90
Mar2011	\$1.54	Mar2011	-\$0.53
Mar2010	\$1.63	Mar2010	-\$1.36
Mar2009	\$1.32	Mar2009	-\$1.73
Mar2008	-\$13.99	Mar2008	-\$1.86
Mar2007	\$1.86	Mar2007	\$4.22
Mar2006	\$4.48	Mar2006	\$5.02
Mar2005	\$8.80	Mar2005	\$4.74
Mar2004	\$3.53	Mar2004	\$2.53
Mar2003	\$2.65	Mar2003	\$1.95
Mar2002	\$1.78	Mar2003	\$1.56
Mar2001	\$1.45	Balance Sheet Information 3/1/2018	
Mar2000	\$1.53	Total Current Assets	\$1,928,382,000
Mar1999	\$1.51	Total Current Liabilities	\$982,042,000
	\$1.03	Long-Term Debt	\$2,221,810,000
		Total Assets	\$8,152,534,000
		Intangible Assets	\$5,730,014,000
		Total Liabilities	\$4,300,398,000
		Shares Outstanding (Diluted Average)	85,179,000





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

[Legg Mason Inc Valuation – June 2016 \\$LM](#)
[Stocks Trading Below Their Graham Number – May 2016](#)
[Stocks Trading Below Their Graham Number – February 2016](#)
[10 Companies Benjamin Graham Would Invest In Today – February 2016](#)
[13 Best Stocks For Value Investors This Week – 12/12/15](#)

Other
ModernGraham
posts about related
companies

[T. Rowe Price Group Inc Valuation – June 2018 \\$TROW](#)
[Moody's Corporation – June 2018 \\$MCO](#)
[Charles Schwab Corp Valuation – June 2018 \\$SCHW](#)
[Willis Towers Watson PLC Valuation – Initial Coverage June 2018 \\$WLTW](#)
[PayPal Holdings Inc Valuation – June 2018 \\$PYPL](#)
[Synchrony Financial Valuation – June 2018 \\$SYF](#)
[CBRE Group Inc Valuation – June 2018 \\$CBRE](#)
[Franklin Resources Inc Valuation – May 2018 \\$BEN](#)
[S&P Global Inc Valuation – May 2018 \\$SPGI](#)
[Equifax Inc Valuation – May 2018 \\$EFX](#)