

ModernGraham Valuation

T. Rowe Price Group
Inc



Company Name:

Company Ticker TROW

Date of Analysis

6/25/2018

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	\$28,836,464,613	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.87	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	148.03%	Pass
5. Earnings Growth	PEmg < 20	20.79	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	5.07	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	3.87	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	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 Score		Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$5.76
MG Growth Estimate	7.81%
MG Value	\$138.96
MG Value based on 3% Growth	\$83.51
MG Value based on 0% Growth	\$48.95
Market Implied Growth Rate	6.15%

MG Opinion

Current Price	\$119.74
% of Intrinsic Value	86.17%
Opinion	Fairly Valued
MG Grade	B

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$3.21
Graham Number	\$60.69
PEmg	20.79
Current Ratio	3.87
PB Ratio	5.07
Current Dividend	\$2.28
Dividend Yield	1.90%
Number of Consecutive Years of Dividend Growth	20

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$6.89	Next Fiscal Year Estimate	\$5.76
Dec2017	\$5.97	Dec2017	\$5.05
Dec2016	\$4.75	Dec2016	\$4.47
Dec2015	\$4.63	Dec2015	\$4.18
Dec2014	\$4.55	Dec2014	\$3.79
Dec2013	\$3.90	Dec2013	\$3.23
Dec2012	\$3.36	Dec2012	\$2.75
Dec2011	\$2.92	Dec2011	\$2.38
Dec2010	\$2.53	Dec2010	\$2.09
Dec2009	\$1.65	Dec2009	\$1.87
Dec2008	\$1.82	Dec2008	\$1.92
Dec2007	\$2.40	Dec2007	\$1.85
Dec2006	\$1.90	Dec2006	\$1.47
Dec2005	\$1.58	Dec2005	\$1.19
Dec2004	\$1.26	Dec2004	\$0.98
Dec2003	\$0.88	Dec2003	\$0.85
Dec2002	\$0.76	Dec2002	\$0.83
Dec2001	\$0.76	Balance Sheet Information 3/1/2018	
Dec2000	\$1.04	Total Current Assets	\$2,275,000,000
Dec1999	\$0.93	Total Current Liabilities	\$588,200,000
Dec1998	\$0.67	Long-Term Debt	\$0
		Total Assets	\$7,374,300,000
		Intangible Assets	\$665,700,000
		Total Liabilities	\$1,472,400,000
		Shares Outstanding (Diluted Average)	249,800,000





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.

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