

ModernGraham Valuation

Company Name:

Company Ticker AFG
Date of Analysis

American Financial
Group Inc

8/1/2018



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 | \$10,122,488,779 | Pass |
| 2. Earnings Stability | Positive EPS for 10 years prior | | Pass |
| 3. 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 | 69.91% | Pass |
| 4. Earnings Growth | PEmg < 20 | 17.62 | Pass |
| 5. Moderate PEmg Ratio | PB Ratio < 2.5 OR PB*PEmg < 50 | 1.97 | Pass |
| 6. Moderate Price to Assets | | | |

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 | 6.40 |
| MG Growth Estimate | 5.06% |
| MG Value | \$119.10 |
| MG Value based on 3% Growth | \$92.76 |
| MG Value based on 0% Growth | \$54.38 |
| Market Implied Growth Rate | 4.56% |

MG Opinion

| | |
|----------------------|----------------------|
| Current Price | \$112.69 |
| % of Intrinsic Value | 94.62% |
| Opinion | Fairly Valued |
| MG Grade | B- |

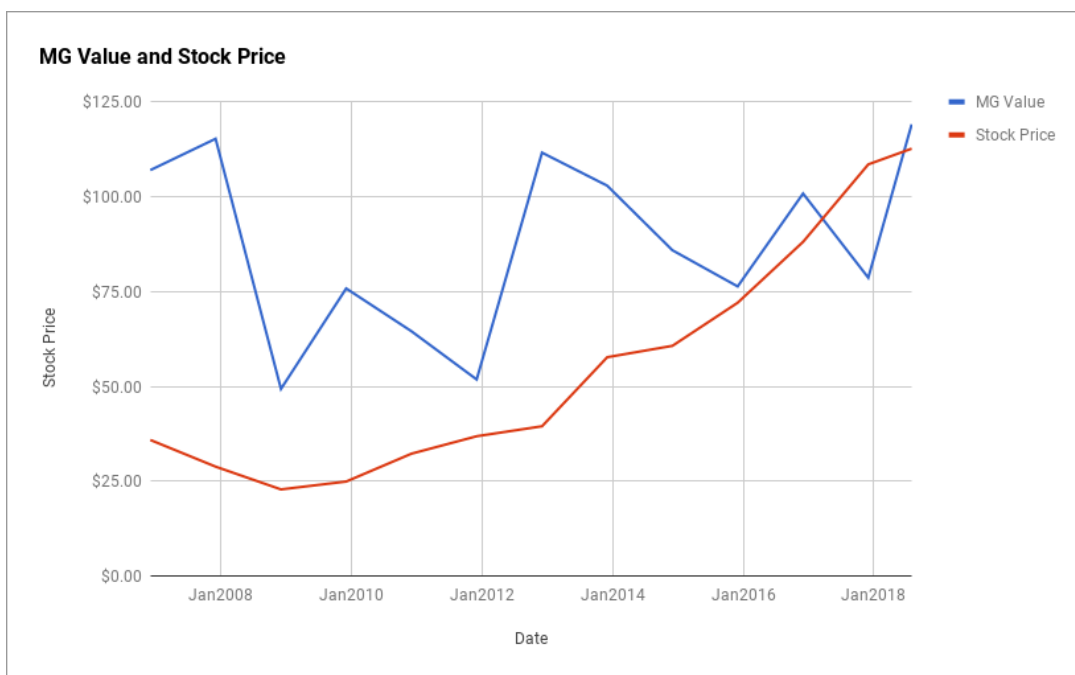
Stage 3: Information for Further Research

| | |
|--|----------|
| Graham Number | \$104.25 |
| PEmg | 17.62 |
| PB Ratio | 1.97 |
| Dividend Yield | 1.14% |
| Number of Consecutive Years of Dividend Growth | 12 |

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 | \$8.00 | Next Fiscal Year Estimate | \$6.40 |
| Dec2017 | \$5.28 | Dec2017 | \$5.51 |
| Dec2016 | \$7.33 | Dec2016 | \$5.52 |
| Dec2015 | \$3.94 | Dec2015 | \$4.57 |
| Dec2014 | \$4.97 | Dec2014 | \$4.78 |
| Dec2013 | \$5.16 | Dec2013 | \$4.62 |
| Dec2012 | \$5.09 | Dec2012 | \$4.16 |
| Dec2011 | \$3.32 | Dec2011 | \$3.59 |
| Dec2010 | \$4.36 | Dec2010 | \$3.64 |
| Dec2009 | \$4.45 | Dec2009 | \$3.17 |
| Dec2008 | \$1.67 | Dec2008 | \$2.58 |
| Dec2007 | \$3.10 | Dec2007 | \$2.99 |
| Dec2006 | \$3.75 | Dec2006 | \$2.78 |
| Dec2005 | \$1.75 | Dec2005 | \$2.09 |
| Dec2004 | \$3.21 | Dec2004 | \$1.91 |
| Dec2003 | \$2.75 | Dec2003 | \$1.13 |
| Dec2002 | \$0.82 | Dec2002 | \$0.41 |
| Dec2001 | -\$0.15 | Balance Sheet Information 3/1/2018 | |
| Dec2000 | -\$0.63 | Long-Term Debt & Capital Lease Obligation | \$1,301,000,000 |
| Dec1999 | \$1.57 | Total Assets | \$60,656,000,000 |
| Dec1998 | \$1.33 | Intangible Assets | \$199,000,000 |
| | | Total Liabilities | \$55,473,000,000 |
| | | Shares Outstanding (Diluted Average) | 90,400,000 |





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

[American Financial Group Inc Valuation – January 2017 \\$AFG](#)
[American Financial Group Inc Valuation – August 2016 \\$AFG](#)
[15 Best Stocks For Value Investors This Week – 2/13/16](#)
[American Financial Group Inc Valuation – February 2016 \\$AFG](#)
[12 Best Stocks For Value Investors This Week – 11/7/15](#)

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[Prudential Financial Inc Valuation – June 2018 \\$PRU](#)
[Assurant Inc Valuation – June 2018 \\$AIZ](#)
[Torchmark Corp Valuation – June 2018 \\$TMK](#)
[Humana Inc Valuation – June 2018 \\$HUM](#)
[American International Group Inc – June 2018 \\$AIG](#)
[Chubb Ltd Valuation – June 2018 \\$CB](#)
[Loews Corp Valuation – May 2018 \\$L](#)
[Anthem Inc Valuation – May 2018 \\$ANTM](#)
[Berkshire Hathaway Inc Valuation – May 2018 \\$BRK-B](#)