

# ModernGraham Valuation

Company Name:

H & R Block Inc

Company Ticker HRB

Date of Analysis

1/18/2019



## 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	\$5,230,687,756	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.04	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	80.99%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	12.39	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	-166.97	Fail

*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	2.04	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.28	Fail
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		Pass
	Score		

### Suitability

<b>Defensive</b>	<b>Yes</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$2.05
MG Growth Estimate	4.87%
<b>MG Value</b>	<b>\$37.46</b>
MG Value based on 3% Growth	\$29.78
MG Value based on 0% Growth	\$17.46
Market Implied Growth Rate	1.95%

### MG Opinion

Current Price	\$25.45
% of Intrinsic Value	67.94%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>B+</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$6.68
Graham Number	\$8.61
PEmg	12.39
Current Ratio	2.04
PB Ratio	-166.97
Current Dividend	\$0.96
Dividend Yield	3.77%
Number of Consecutive Years of Dividend Growth	2

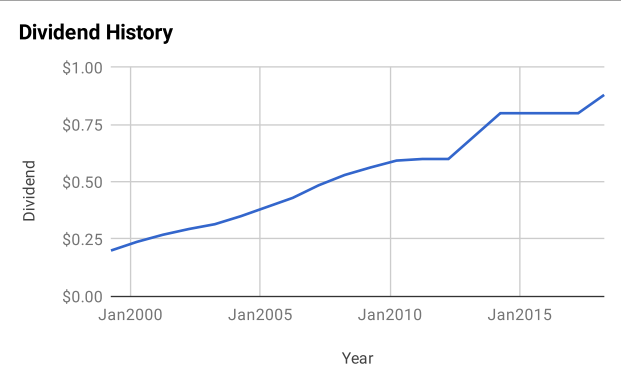
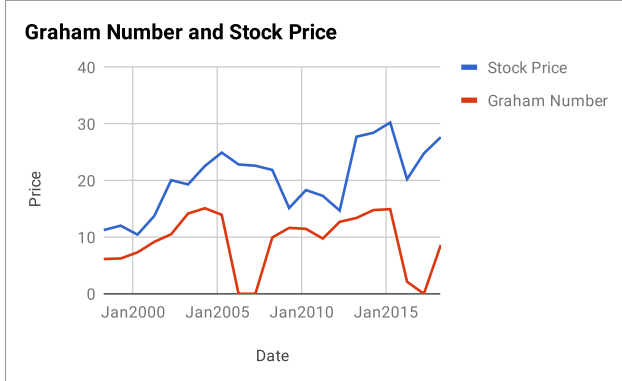
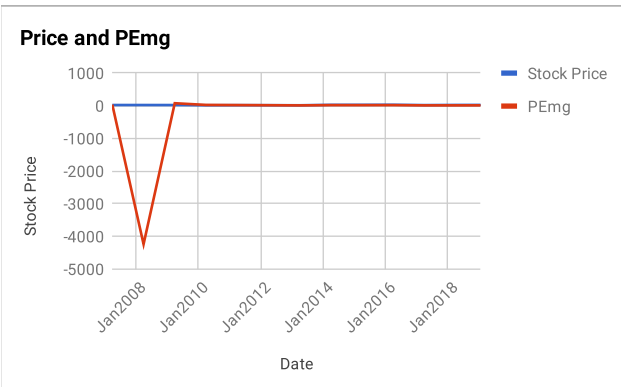
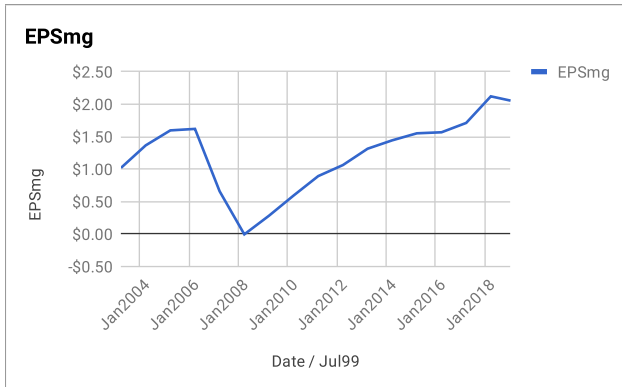
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[Morningstar](#)  
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[Seeking Alpha](#)  
[SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.75	Next Fiscal Year Estimate	\$2.05
Apr2018	\$2.91	Apr2018	\$2.12
Apr2017	\$1.91	Apr2017	\$1.71
Apr2016	\$1.49	Apr2016	\$1.57
Apr2015	\$1.71	Apr2015	\$1.55
Apr2014	\$1.72	Apr2014	\$1.44
Apr2013	\$1.58	Apr2013	\$1.31
Apr2012	\$0.89	Apr2012	\$1.06
Apr2011	\$1.31	Apr2011	\$0.89
Apr2010	\$1.43	Apr2010	\$0.59
Apr2009	\$1.45	Apr2009	\$0.28
Apr2008	-\$0.95	Apr2008	-\$0.01
Apr2007	-\$1.34	Apr2007	\$0.66
Apr2006	\$1.47	Apr2006	\$1.62
Apr2005	\$1.85	Apr2005	\$1.60
Apr2004	\$1.92	Apr2004	\$1.37
Apr2003	\$1.30	Apr2003	\$1.02
Apr2002	\$1.17	<b>Balance Sheet Information 10/1/2018</b>	
Apr2001	\$0.77	Total Current Assets	\$891,002,000
Apr2000	\$0.64	Total Current Liabilities	\$435,721,000
Apr1999	\$0.54	Long-Term Debt	\$1,491,328,000
		Total Assets	\$2,233,296,000
		Intangible Assets	\$871,715,000
		Total Liabilities	\$2,264,621,000
		Shares Outstanding (Diluted Average)	205,520,000





**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**
- [10 Best Dividend Paying Stocks for the Enterprising Investor – September 2018](#)
  - [5 Undervalued Companies for Value Investors with a Low Beta – May 2018](#)
  - [10 Best Dividend Paying Stocks for the Enterprising Investor – May 2018](#)
  - [H&R Block Inc Valuation – March 2018 \\$HRB](#)
  - [H&R Block Inc Valuation – June 2016 \\$HRB](#)

- Other ModernGraham posts about related companies**
- [State Street Corp Valuation – January 2019 \\$STT](#)
  - [Morgan Stanley Valuation – January 2019 \\$MS](#)
  - [MSCI Inc Valuation – January 2019 \\$MSCI](#)
  - [BlackRock Inc Valuation – January 2019 \\$BLK](#)
  - [Ameriprise Financial Inc Valuation – January 2019 \\$AMP](#)
  - [Invesco Ltd Valuation – January 2019 \\$IVZ](#)
  - [Capital One Financial Corp Valuation – January 2019 \\$COF](#)
  - [Total System Services Inc Valuation – December 2018 \\$TSS](#)
  - [Goldman Sachs Group Inc Valuation – November 2018 \\$GS](#)
  - [KKR & Co Inc Valuation – September 2018 \\$KKR](#)