

ModernGraham Valuation

Franklin Resources,
Inc.



Company Name:

Company Ticker BEN

Date of Analysis

3/12/2019

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	\$16,503,028,589	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	5.25	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-17.09%	Fail
6. Moderate PEmg Ratio	PEmg < 20	13.97	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.64	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	5.25	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.12	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		Fail

Suitability

Defensive	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.32
MG Growth Estimate	-4.25%
MG Value	\$7.03
MG Value based on 3% Growth	\$33.60
MG Value based on 0% Growth	\$19.70
Market Implied Growth Rate	2.73%

MG Opinion

Current Price	\$32.37
% of Intrinsic Value	460.50%
Opinion	Overvalued
MG Grade	B+

Stage 3: Information for Further Research

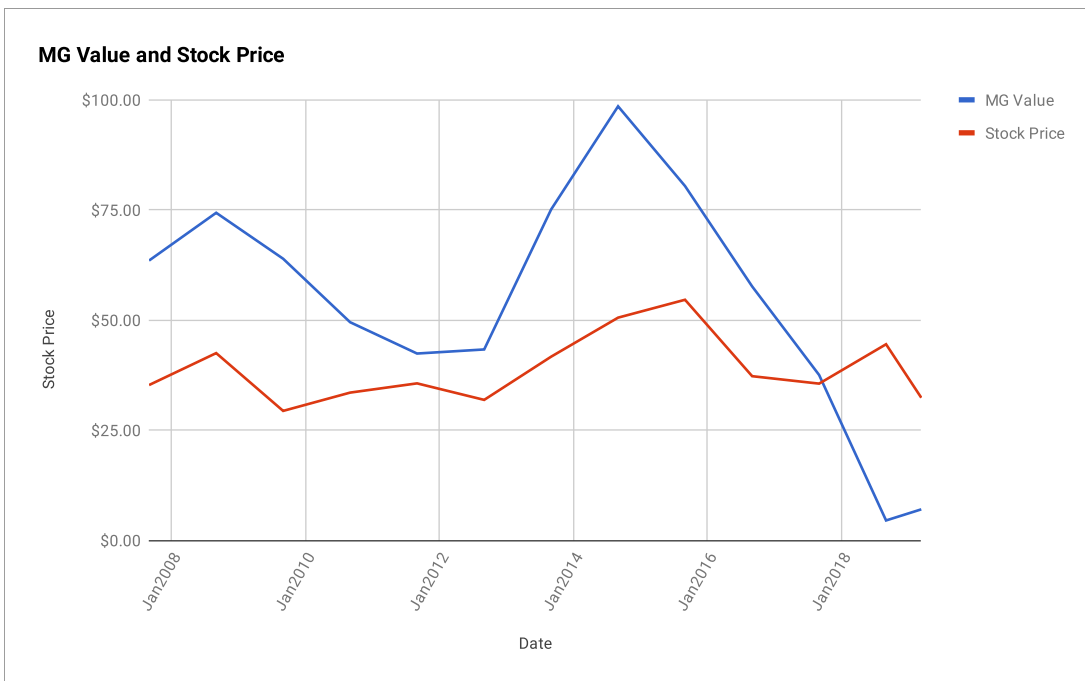
Net Current Asset Value (NCAV)	\$7.03
Graham Number	\$30.72
PEmg	13.97
Current Ratio	5.25
PB Ratio	1.64
Current Dividend	\$0.92
Dividend Yield	2.84%
Number of Consecutive Years of Dividend Growth	20

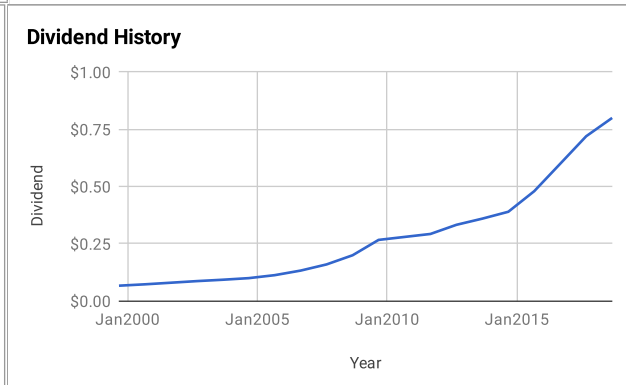
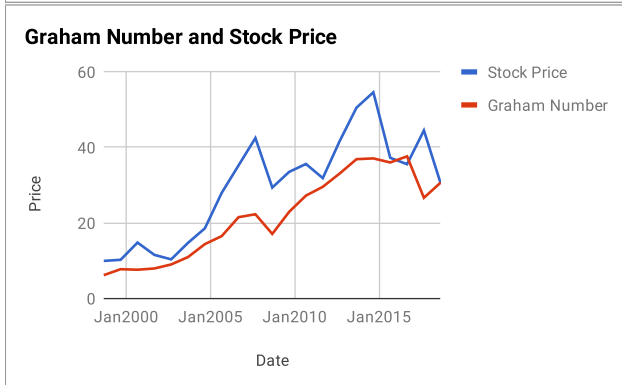
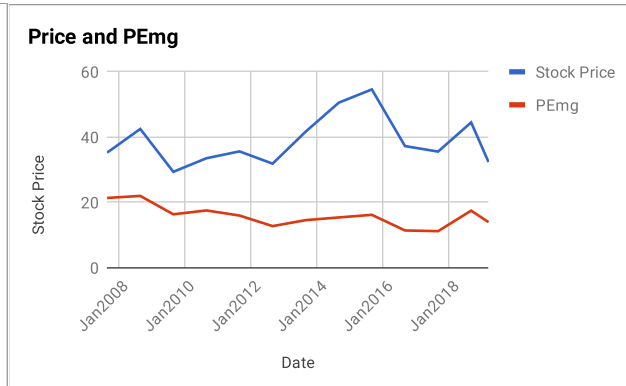
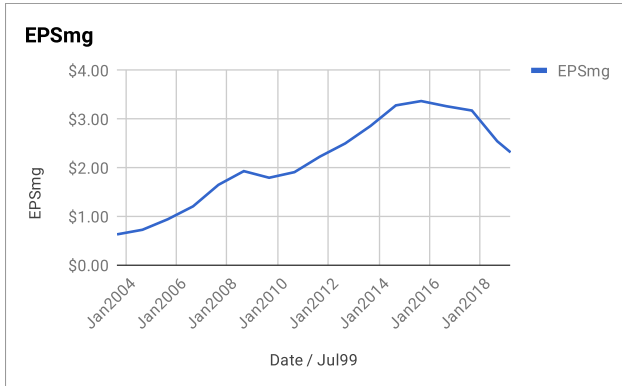
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.20	Next Fiscal Year Estimate	\$2.32
Sep2018	\$1.39	Sep2018	\$2.55
Sep2017	\$3.01	Sep2017	\$3.18
Sep2016	\$2.94	Sep2016	\$3.26
Sep2015	\$3.29	Sep2015	\$3.37
Sep2014	\$3.79	Sep2014	\$3.28
Sep2013	\$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	Balance Sheet Information 12/1/2018	
Sep2001	\$0.64	Total Current Assets	\$7,464,500,000
Sep2000	\$0.76	Total Current Liabilities	\$1,420,500,000
Sep1999	\$0.56	Long-Term Debt	\$730,400,000
		Total Assets	\$13,950,600,000
		Intangible Assets	\$2,326,200,000
		Total Liabilities	\$3,873,900,000
		Shares Outstanding (Diluted Average)	510,800,000





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.

Recommended Reading:

- Other ModernGraham posts about the company**
- [Franklin Resources Inc Valuation – May 2018 \\$BEN](#)
 - [Franklin Resources Inc Valuation – February 2017 \\$BEN](#)
 - [Best Dividend Paying Stocks for Dividend Growth Investors – February 2017](#)
 - [10 Low PE Stock Picks for the Defensive Investor – January 2017](#)
 - [Best Dividend Paying Stocks for Dividend Growth Investors – January 2017](#)

- Other ModernGraham posts about related companies**
- [S&P Global Inc Valuation – March 2019 #SPGI](#)
 - [Equifax Inc Valuation – March 2019 #EFX](#)
 - [CME Group Inc Valuation – March 2019 #CME](#)
 - [Northern Trust Corp Valuation – March 2019 #NTRS](#)
 - [Affiliated Managers Group Inc Valuation – February 2019 \\$AMG](#)
 - [Bank of New York Mellon Corp Valuation – February 2019 \\$BK](#)
 - [Western Union Co Valuation – February 2019 \\$WU](#)
 - [Raymond James Financial Valuation – February 2019 \\$RJF](#)
 - [Nasdaq Inc Valuation – February 2019 \\$NDAQ](#)
 - [E*Trade Financial Corp Valuation – January 2019 \\$ETFC](#)