

ModernGraham Valuation

T. Rowe Price Group
Inc



Company Name:

Company Ticker TROW

Date of Analysis

3/31/2019

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	\$23,699,005,370	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	6.99	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	119.75%	Pass
6. Moderate PEmg Ratio	PEmg < 20	16.37	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.97	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	6.99	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	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$6.11
MG Growth Estimate	6.95%
MG Value	\$136.92
MG Value based on 3% Growth	\$88.66
MG Value based on 0% Growth	\$51.97
Market Implied Growth Rate	3.94%

MG Opinion

Current Price	\$100.12
% of Intrinsic Value	73.12%
Opinion	Undervalued
MG Grade	A

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$1.69
Graham Number	\$59.52
PEmg	16.37
Current Ratio	6.99
PB Ratio	3.97
Current Dividend	\$2.80
Dividend Yield	2.80%
Number of Consecutive Years of Dividend Growth	20

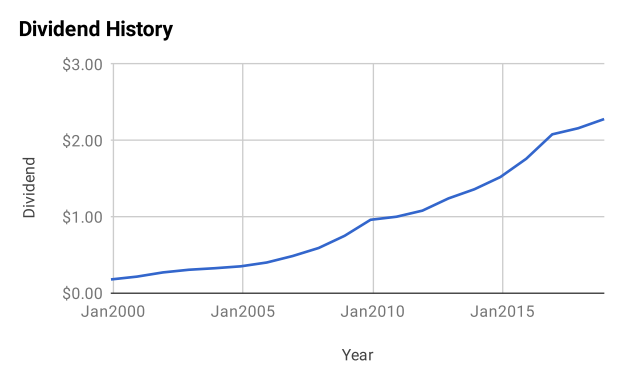
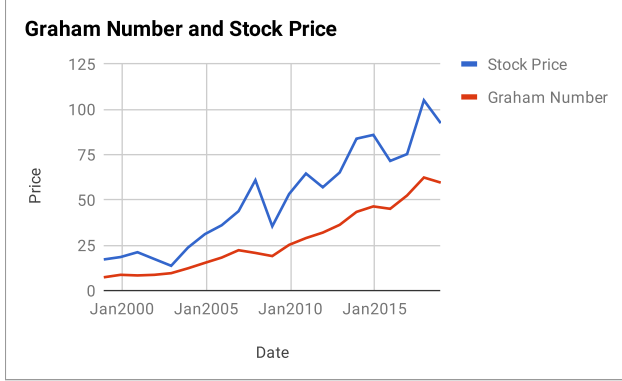
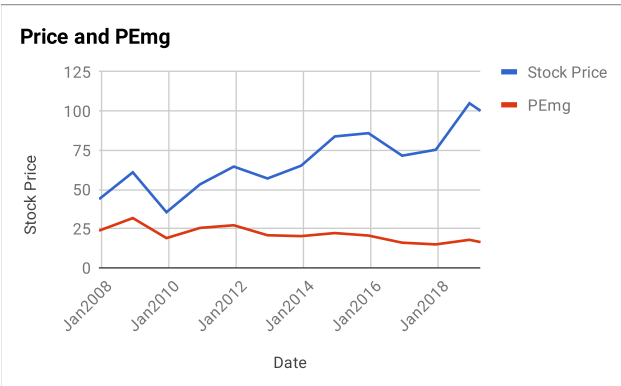
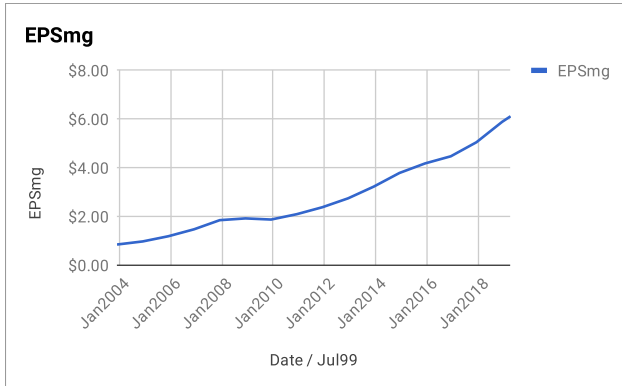
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$6.12	Next Fiscal Year Estimate	\$6.11
Dec2018	\$7.27	Dec2018	\$5.89
Dec2017	\$5.97	Dec2017	\$5.05
Dec2016	\$4.75	Dec2016	\$4.47
Dec2015	\$4.63	Dec2015	\$4.18
Dec2014	\$4.55	Dec2014	\$3.79
Dec2013	\$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	Balance Sheet Information 12/1/2018	
Dec2001	\$0.76	Total Current Assets	\$1,974,800,000
Dec2000	\$1.04	Total Current Liabilities	\$282,700,000
Dec1999	\$0.93	Long-Term Debt	\$0
		Total Assets	\$7,689,300,000
		Intangible Assets	\$665,700,000
		Total Liabilities	\$1,565,000,000
		Shares Outstanding (Diluted Average)	243,000,000





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**
- [Best Dividend Paying Stocks for Dividend Growth Investors – February 2019](#)
 - [Best Dividend Paying Stocks for Dividend Growth Investors – August 2018](#)
 - [Best Dividend Paying Stocks for Dividend Growth Investors – June 2018](#)
 - [T. Rowe Price Group Inc Valuation – June 2018 \\$TROW](#)
 - [Best Dividend Paying Stocks for Dividend Growth Investors – August 2017](#)

- Other ModernGraham posts about related companies**
- [Moody's Corp Valuation – March 2019 #MCO](#)
 - [Charles Schwab Corp Valuation – March 2019 #SCHW](#)
 - [Willis Towers Watson PLC Valuation – March 2019 #WLTW](#)
 - [Paypal Holdings Inc Valuation – March 2019 #PYPL](#)
 - [Synchrony Financial Valuation – March 2019 #SYF](#)
 - [CBRE Group Inc Valuation – March 2019 #CBRE](#)
 - [Franklin Resources Inc Valuation – March 2019 #BEN](#)
 - [S&P Global Inc Valuation – March 2019 #SPGI](#)
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