

ModernGraham Valuation

Company Name:

Harley-Davidson Inc

Company Ticker HOG

Date of Analysis

4/2/2019



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	\$5,929,930,525	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.25	Fail
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	53.65%	Pass
5. Earnings Growth	PEmg < 20	11.78	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	3.42	Pass
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	1.25	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	5.51	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		Fail
	Score		

Suitability

Defensive	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.16
MG Growth Estimate	-1.28%
MG Value	\$18.74
MG Value based on 3% Growth	\$45.79
MG Value based on 0% Growth	\$26.84
Market Implied Growth Rate	1.64%

MG Opinion

Current Price	\$37.21
% of Intrinsic Value	198.55%
Opinion	Overvalued
MG Grade	B-

Stage 3: Information for Further Research

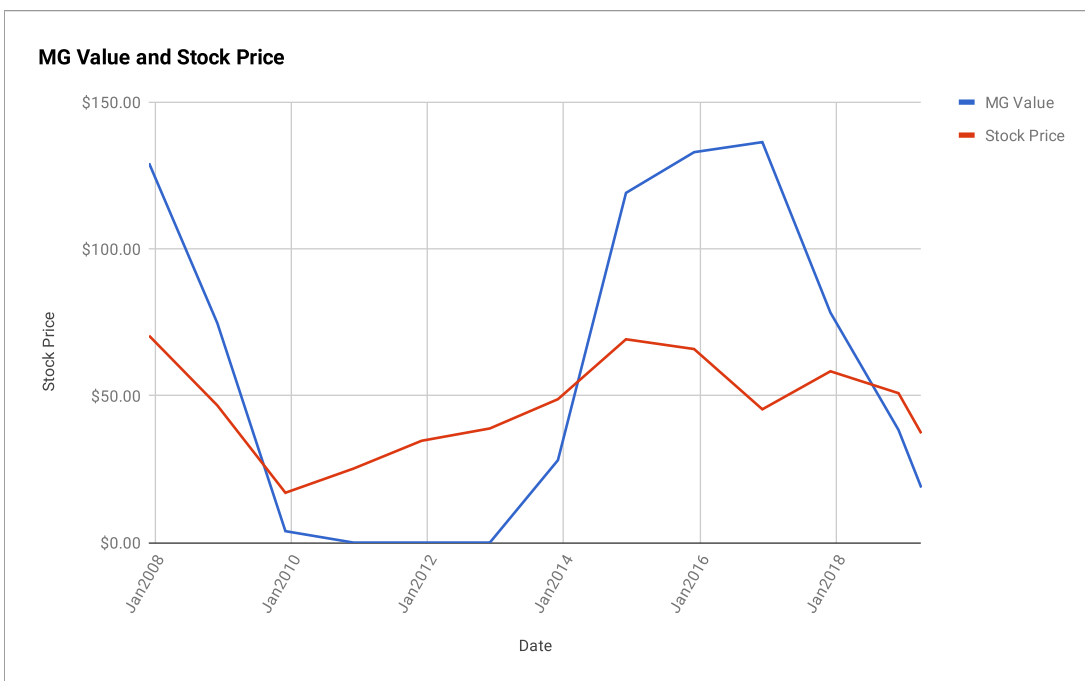
Net Current Asset Value (NCAV)	-\$27.04
Graham Number	\$26.38
PEmg	11.78
Current Ratio	1.25
PB Ratio	3.42
Current Dividend	\$1.48
Dividend Yield	3.98%
Number of Consecutive Years of Dividend Growth	8

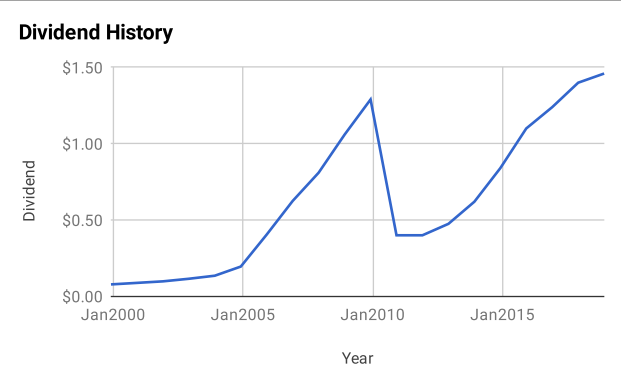
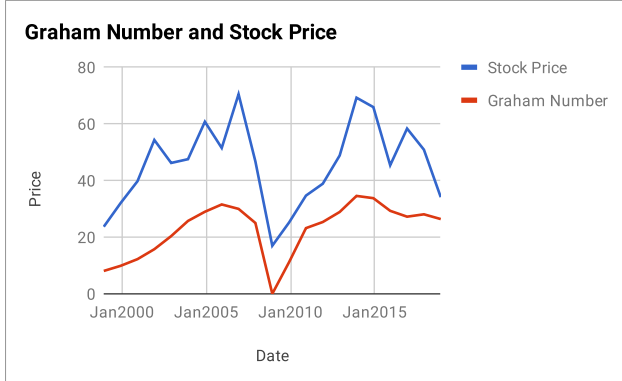
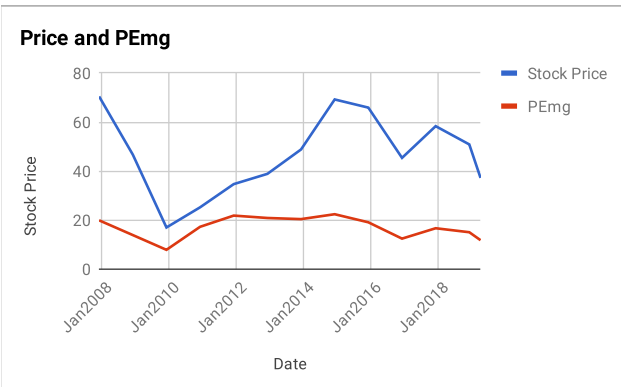
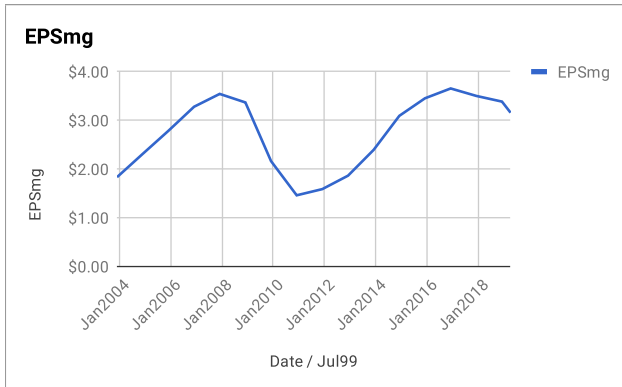
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.84	Next Fiscal Year Estimate	\$3.16
Dec2018	\$3.19	Dec2018	\$3.39
Dec2017	\$3.02	Dec2017	\$3.50
Dec2016	\$3.83	Dec2016	\$3.66
Dec2015	\$3.69	Dec2015	\$3.45
Dec2014	\$3.88	Dec2014	\$3.09
Dec2013	\$3.28	Dec2013	\$2.40
Dec2012	\$2.72	Dec2012	\$1.86
Dec2011	\$2.55	Dec2011	\$1.59
Dec2010	\$0.62	Dec2010	\$1.46
Dec2009	-\$0.24	Dec2009	\$2.16
Dec2008	\$2.79	Dec2008	\$3.37
Dec2007	\$3.74	Dec2007	\$3.54
Dec2006	\$3.93	Dec2006	\$3.28
Dec2005	\$3.41	Dec2005	\$2.79
Dec2004	\$3.00	Dec2004	\$2.31
Dec2003	\$2.50	Dec2003	\$1.83
Dec2002	\$1.90	Balance Sheet Information 12/1/2018	
Dec2001	\$1.43	Total Current Assets	\$4,484,442,000
Dec2000	\$1.13	Total Current Liabilities	\$3,597,600,000
Dec1999	\$0.86	Long-Term Debt	\$4,887,667,000
		Total Assets	\$10,665,664,000
		Intangible Assets	\$61,046,000
		Total Liabilities	\$8,891,715,000
		Shares Outstanding (Diluted Average)	162,973,000





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**
- [Harley-Davidson Inc Valuation – June 2018 \\$HOG](#)
 - [Harley-Davidson Inc Valuation – August 2017 \\$HOG](#)
 - [12 Best Stocks For Value Investors This Week – 7/1/16](#)
 - [Harley-Davidson Inc Valuation – June 2016 \\$HOG](#)
 - [19 Best Stocks For Value Investors This Week – 1/9/16](#)

- Other ModernGraham posts about related companies**
- [LKQ Corp Valuation – March 2019 #LKO](#)
 - [Aptiv PLC Valuation – March 2019 #APTIV](#)
 - [Paccar Inc Valuation – March 2019 #PCAR](#)
 - [BorgWarner Inc Valuation – February 2019 \\$BWA](#)
 - [CarMax Inc Valuation – February 2019 \\$KMX](#)
 - [Ford Motor Co Valuation – February 2019 \\$F](#)
 - [General Motors Co Valuation – February 2019 \\$GM](#)
 - [O'Reilly Automotive Inc Valuation – February 2019 \\$ORLY](#)
 - [Goodyear Tire & Rubber Co Valuation – January 2019 \\$GT](#)
 - [Genuine Parts Co Valuation – January 2019 \\$GPC](#)