Despite flat net revenues, T. Rowe Price Group got off to a fine start, earning $0.70 a share, in 2019. Particularly, share net soared 18% in the first quarter, to $2.09, relative to $1.77 for the same period last year. That was made possible mainly by non-operating income of $0.228 million (pretax), quite a difference from 2018’s $0.161 million, as strong equity markets led to substantial net gains in the asset manager’s investment portfolio. A reduced number of diluted shares outstanding also helped during the period. T. Rowe bought back 2.5 million shares for $22.8 million. (The board of directors recently approved a 10-million-share increase in the buyback program, bringing the total authorization to more than 20 million shares.)

It appears that the bottom line will advance almost 10%, to $7.65 a share, for the year as a whole. That’s relative to a 2018 figure of $7.01. Turning to 2020, share net of $7.65 seems plausible, assuming that the financial markets cooperate. Note that the diminished 2.6% rate of growth reflects the difficult comparison.

The quarterly dividend was raised approximately 8%, to $0.70 a share. Furthermore, our 3- to 5-year projections indicate that additional steady increases will take place. The payout ratio during that period ought to be in the neighborhood of 40%, which should not put a considerable financial burden on the company. (There’s zero long- and short-term debt, and available cash is quite high.) Note, too, the possibility of supplemental distributions, the last one happening during the second quarter of 2015. The dividend yield, meanwhile, compares nicely to the median yield of all equities tracked by Value Line. Other appealing qualities include the top Safety rank and relatively high score for Price Stability.

These shares have surged more than 15% in value since our last full-page report in February. We believe T. Rowe’s good first-quarter profits are the major reasons for that movement. What’s more, long-term capital appreciation potential remains worthwhile. But for now, the stock is ranked only 3 (Average) for Timeliness.

Frederick L. Harris, III
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