

ModernGraham Valuation

Company Name:

Hanesbrands Inc.

Company Ticker HBI

Date of Analysis

8/5/2016



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	\$9,703,931,035	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.34	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	362.89%	Pass
6. Moderate PEmg Ratio	PEmg < 20	21.93	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	9.26	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	2.34	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.66	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

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.16
MG Growth Estimate	15.00%
MG Value	\$44.63
MG Value based on 3% Growth	\$16.81
MG Value based on 0% Growth	\$9.85
Market Implied Growth Rate	6.71%

MG Opinion

Current Price	\$25.42
% of Intrinsic Value	56.95%
Opinion	Undervalued
MG Grade	B-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$5.05
Graham Number	\$10.10
PEmg	21.93
Current Ratio	2.34
PB Ratio	9.26
Current Dividend	\$0.42
Dividend Yield	1.65%
Number of Consecutive Years of Dividend Growth	4

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.63	Next Fiscal Year Estimate	\$1.16
Dec2015	\$1.06	Dec2015	\$0.88
Dec2014	\$0.99	Dec2014	\$0.75
Dec2013	\$0.81	Dec2013	\$0.59
Dec2012	\$0.41	Dec2012	\$0.46
Dec2011	\$0.67	Dec2011	\$0.46
Dec2010	\$0.54	Dec2010	\$0.38
Dec2009	\$0.14	Dec2009	\$0.35
Dec2008	\$0.34	Dec2008	\$0.52
Dec2007	\$0.33	Dec2007	\$0.68
Jun2006	\$0.84	Jun2006	\$0.87
Jun2005	\$0.57	Jun2005	\$0.84
Jun2004	\$1.17	Jun2004	\$0.86
Jun2003	\$1.11	Jun2003	\$0.61
Jun2002	\$0.88	Jun2002	\$0.29
Jun2001	\$0.00	Jun2001	\$0.00
Dec2000	\$0.00	Dec2000	\$0.00
Dec1999	\$0.00	Balance Sheet Information 6/1/2016	
Dec1998	\$0.00	Total Current Assets	\$3,633,492,000
Dec1997	\$0.00	Total Current Liabilities	\$1,550,914,000
Dec1996	\$0.00	Long-Term Debt	\$3,466,525,000
		Total Assets	\$6,614,650,000
		Intangible Assets	\$1,786,104,000
		Total Liabilities	\$5,564,958,000
		Shares Outstanding (Diluted Average)	382,511,000





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

- [5 Undervalued Stocks Near Lows for Enterprising Value Investors – Aug 2016](#)
- [26 Best Stocks For Value Investors This Week – 2/6/16](#)
- [Hanesbrands Inc Valuation – February 2016 Update \\$HBI](#)
- [12 Best Stocks For Value Investors This Week – 11/7/15](#)
- [Hanesbrands Inc. Valuation – November 2015 Update \\$HBI](#)

Other ModernGraham posts about related companies

- [VF Corp Valuation – August 2016 \\$VFC](#)
- [L Brands Inc Valuation – July 2016 \\$LB](#)
- [Michael Kors Holdings Ltd Valuation – July 2016 \\$KORS](#)
- [Under Armour Inc Valuation – June 2016 \\$UA](#)
- [Nike Inc. Valuation – May 2016 \\$NKE](#)
- [Wolverine World Wide Inc Valuation – May 2016 \\$WWW](#)
- [Ralph Lauren Corp Stock Valuation – February 2016 \\$RL](#)
- [Gap Inc Valuation – February 2016 \\$GPS](#)
- [American Eagle Outfitters Valuation – February 2016 \\$AEO](#)
- [Hanesbrands Inc Valuation – February 2016 Update \\$HBI](#)