

ModernGraham Valuation

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& Co.

Company Name:

Company Ticker AJG

Date of Analysis

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Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	Fail
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	Pass
6. Moderate PEmg Ratio	PEmg < 20	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	Pass

Enterprising Investor

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	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	No

Stage 2: Determination of Intrinsic Value

EPSmg	1.97
MG Growth Estimate	7.23%
MG Value	\$45.27
MG Value based on 3% Growth	\$28.58
MG Value based on 0% Growth	\$16.76
Market Implied Growth Rate	7.86%

MG Opinion

Current Price	\$47.75
% of Intrinsic Value	105.47%
Opinion	Fairly Valued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$16.40
PEmg	24.22
Current Ratio	1.09
PB Ratio	2.25
Dividend Yield	3.06%
Number of Consecutive Years of Dividend Growth	5

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.21	Next Fiscal Year Estimate	\$1.97
Dec14	\$1.97	Dec14	\$1.81
Dec13	\$2.06	Dec13	\$1.67
Dec12	\$1.59	Dec12	\$1.43
Dec11	\$1.28	Dec11	\$1.33
Dec10	\$1.66	Dec10	\$1.34
Dec09	\$1.28	Dec09	\$1.13
Dec08	\$0.82	Dec08	\$1.09
Dec07	\$1.43	Dec07	\$1.26
Dec06	\$1.31	Dec06	\$1.22
Dec05	\$0.32	Dec05	\$1.23
Dec04	\$1.99	Dec04	\$1.62
Dec03	\$1.57	Dec03	\$1.37
Dec02	\$1.41	Dec02	\$1.22
Dec01	\$1.39	Dec01	\$1.07
Dec00	\$1.04	Dec00	\$0.88
Dec99	\$0.87	Dec99	\$0.78
Dec98	\$0.77	Balance Sheet Information Jun15	
Dec97	\$0.80	Total Current Assets	\$4,261,400,000
Dec96	\$0.64	Total Current Liabilities	\$3,905,400,000
Dec95	\$0.61	Long-Term Debt	\$2,125,000,000
		Total Assets	\$10,716,100,000
		Intangible Assets	\$5,330,900,000
		Total Liabilities	\$7,077,600,000
		Outstanding Shares	171,700,000



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.