

# ModernGraham Valuation

Company Name:

Aaron's, Inc.

Company Ticker AAN

Date of Analysis

10/29/2015



## 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	\$2,492,338,661	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.30	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	56.49%	Pass
6. Moderate PEmg Ratio	PEmg < 20	19.97	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.90	Pass

*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	2.30	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.70	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		Pass

### Suitability

<b>Defensive</b>	<b>Yes</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$1.72
MG Growth Estimate	4.14%
<b>MG Value</b>	<b>\$28.87</b>
MG Value based on 3% Growth	\$24.93
MG Value based on 0% Growth	\$14.61
Market Implied Growth Rate	5.74%

### MG Opinion

Current Price	\$34.34
% of Intrinsic Value	118.97%
<b>Opinion</b>	<b>Overvalued</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$2.86
Graham Number	\$29.70
PEmg	19.97
Current Ratio	2.30
PB Ratio	1.90
Dividend Yield	0.26%
Number of Consecutive Years of Dividend Growth	10

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.16	Next Fiscal Year Estimate	\$1.72
Dec14	\$1.08	Dec14	\$1.52
Dec13	\$1.58	Dec13	\$1.70
Dec12	\$2.25	Dec12	\$1.68
Dec11	\$1.43	Dec11	\$1.35
Dec10	\$1.44	Dec10	\$1.26
Dec09	\$1.37	Dec09	\$1.13
Dec08	\$1.11	Dec08	\$0.98
Dec07	\$0.97	Dec07	\$0.87
Dec06	\$1.00	Dec06	\$0.76
Dec05	\$0.76	Dec05	\$0.60
Dec04	\$0.69	Dec04	\$0.49
Dec03	\$0.49	Dec03	\$0.38
Dec02	\$0.38	Dec02	\$0.33
Dec01	\$0.18	Dec01	\$0.30
Dec00	\$0.41	Dec00	\$0.35
Dec99	\$0.37	Dec99	\$0.30
Dec98	\$0.31	<b>Balance Sheet Information Jun15</b>	
Dec97	\$0.28	Total Current Assets	\$1,246,116,000
Dec96	\$0.23	Total Current Liabilities	\$542,760,000
Dec95	\$0.04	Long-Term Debt	\$494,858,000
		Total Assets	\$2,354,707,000
		Intangible Assets	\$818,140,000
		Total Liabilities	\$1,037,618,000
		Shares Outstanding (Diluted Average)	72,965,000





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

[Aaron's Inc. Analysis – Initial Coverage \\$AAN](#)

Other  
ModernGraham  
posts about related  
companies

[Nordstrom Inc. Valuation – October 2015 Update \\$JWN](#)

[Tractor Supply Company Valuation – October 2015 Update \\$TSCO](#)

[Coach Inc. Valuation – October 2015 Update \\$COH](#)

[Dollar Tree Stores Inc. Valuation – October 2015 Update \\$DLTR](#)

[TJX Companies Inc. Valuation – October 2015 Update \\$TJX](#)

[Tiffany and Company Valuation – October 2015 Update \\$TIF](#)

[Urban Outfitters Inc. Analysis – October 2015 Update \\$URBN](#)

[Staples Inc. Analysis – September 2015 Update \\$SPLS](#)

[Fossil Group Inc. Analysis – September 2015 Update \\$FOSL](#)

[Ross Stores Inc. Analysis – August 2015 Update \\$ROST](#)