

ModernGraham Valuation

American
International Group
Inc



Company Name:

Company Ticker AIG

Date of Analysis

11/9/2015

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

Defensive Investor; must pass all 6 of the following tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$76,408,201,451	Pass
2. Earnings Stability	Positive EPS for 10 years prior		Fail
3. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end		
4. Earnings Growth		-102.54%	Fail
5. Moderate PEmg Ratio	PEmg < 20	12.39	Pass
6. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	0.79	Pass

Enterprising Investor; must pass all 3 of the following tests, or be suitable for the Defensive Investor.

1. Earnings Stability	Positive EPS for 5 years prior		Pass
2. Dividend Record	Currently Pays Dividend		Pass
3. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	4.93
MG Growth Estimate	15.00%
MG Value	\$189.88
MG Value based on 3% Growth	\$71.51
MG Value based on 0% Growth	\$41.92
Market Implied Growth Rate	1.95%

MG Opinion

Current Price	\$61.13
% of Intrinsic Value	32.19%
Opinion	Undervalued

Stage 3: Information for Further Research

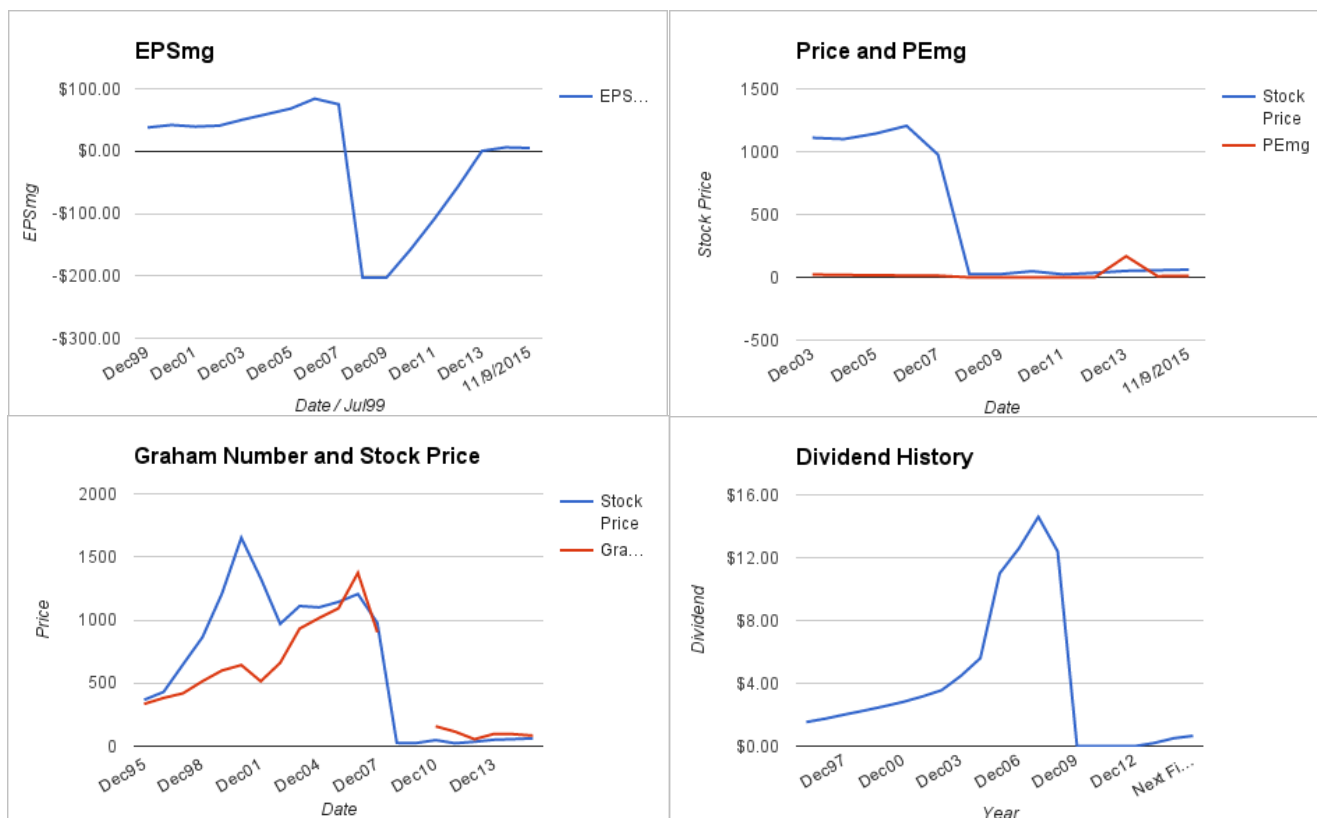
Graham Number	\$83.90
PEmg	12.39
PB Ratio	0.79
Dividend Yield	1.07%
Number of Consecutive Years of Dividend Growth	3

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	\$3.94	Next Fiscal Year Estimate	\$4.93
Dec14	\$5.20	Dec14	\$6.02
Dec13	\$6.13	Dec13	\$0.30
Dec12	\$2.04	Dec12	-\$56.58
Dec11	\$11.01	Dec11	-\$109.06
Dec10	\$11.60	Dec10	-\$158.11
Dec09	-\$90.48	Dec09	-\$202.81
Dec08	-\$756.85	Dec08	-\$202.54
Dec07	\$47.80	Dec07	\$75.03
Dec06	\$107.20	Dec06	\$84.08
Dec05	\$79.80	Dec05	\$68.24
Dec04	\$73.80	Dec04	\$59.32
Dec03	\$70.60	Dec03	\$50.60
Dec02	\$43.40	Dec02	\$40.80
Dec01	\$30.80	Dec01	\$39.31
Dec00	\$46.60	Dec00	\$41.90
Dec99	\$46.80	Dec99	\$37.80
Dec98	\$38.40	Balance Sheet Information Sep15	
Dec97	\$32.00	Long-Term Debt	\$30,719,000,000
Dec96	\$29.16	Total Assets	\$501,985,000,000
Dec95	\$25.13	Intangible Assets	\$0
		Total Liabilities	\$402,986,000,000
		Shares Outstanding (Diluted Average)	1,279,073,000





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

[10 Most Undervalued Companies for the Enterprising Investor – October 2015](#)
[The Best Companies of the Insurance Industry – October 2015](#)
[10 Most Undervalued Companies for the Enterprising Investor – August 2015](#)
[The 20 Best Stocks For Value Investors This Week – 8/15/15](#)
[American International Group Inc. Analysis – August 2015 Update \\$AIG](#)

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posts about related
companies

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[American Financial Group Inc. Valuation – November 2015 Update \\$AFG](#)
[Loews Corporation Valuation – November 2015 Update \\$L](#)
[Allstate Corporation Valuation – October 2015 Update \\$ALL](#)
[Humana Inc. Valuation – October 2015 Update \\$HUM](#)
[Torchmark Corporation Valuation – October 2015 Update \\$TMK](#)
[MetLife Inc. Valuation – October 2015 Update \\$MET](#)
[Aetna Inc. Valuation – October 2015 Update \\$AET](#)
[Cigna Corporation Analysis – October 2015 Update \\$CI](#)
[The Best Companies of the Insurance Industry – October 2015](#)