

# ModernGraham Valuation

Company Name:

Hanesbrands Inc.

Company Ticker HBI

Date of Analysis

11/3/2015



## 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  | \$12,949,658,641 | Pass |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2  | 2.08             | Pass |
| 3. Earnings Stability                      | Positive EPS for 10 years prior  |                  | Pass |
| 4. 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 | 101.34%          | Pass |
| 5. Earnings Growth                         | PEmg < 20  | 35.54            | Fail |
| 6. Moderate PEmg Ratio                     | PB Ratio < 2.5 OR PB*PEmg < 50   | 10.66            | Fail |
| 7. Moderate Price to Assets                |  |                  |      |

*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            | 2.08 | Pass |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1              | 1.39 | 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

|                     |            |
|---------------------|------------|
| <b>Defensive</b>    | <b>No</b>  |
| <b>Enterprising</b> | <b>Yes</b> |

## Stage 2: Determination of Intrinsic Value

|                             |                |
|-----------------------------|----------------|
| EPSmg                       | \$0.93         |
| MG Growth Estimate          | 15.00%         |
| <b>MG Value</b>             | <b>\$35.82</b> |
| MG Value based on 3% Growth | \$13.49        |
| MG Value based on 0% Growth | \$7.91         |
| Market Implied Growth Rate  | 13.52%         |

### MG Opinion

|                      |                      |
|----------------------|----------------------|
| Current Price        | \$33.06              |
| % of Intrinsic Value | 92.31%               |
| <b>Opinion</b>       | <b>Fairly Valued</b> |

## Stage 3: Information for Further Research

|  |         |
|--|---------|
| Net Current Asset Value (NCAV)                 | -\$3.24 |
| Graham Number                                  | \$9.32  |
| PEmg   | 35.54   |
| Current Ratio                                  | 2.08    |
| PB Ratio                                       | 10.66   |
| Dividend Yield                                 | 1.13%   |
| Number of Consecutive Years of Dividend Growth | 3       |

### 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 | \$1.21 | Next Fiscal Year Estimate              | \$0.93          |
| Dec14                     | \$0.99 | Dec14                                  | \$0.76          |
| Dec13                     | \$0.81 | Dec13                                  | \$0.60          |
| Dec12                     | \$0.41 | Dec12                                  | \$0.46          |
| Dec11                     | \$0.67 | Dec11                                  | \$0.46          |
| Dec10                     | \$0.54 | Dec10                                  | \$0.38          |
| Dec09                     | \$0.14 | Dec09                                  | \$0.35          |
| Dec08                     | \$0.34 | Dec08                                  | \$0.52          |
| Dec07                     | \$0.33 | Dec07                                  | \$0.68          |
| Jun06                     | \$0.84 | Jun06                                  | \$0.87          |
| Jun05                     | \$0.57 | Jun05                                  | \$0.84          |
| Jun04                     | \$1.17 | Jun04                                  | \$0.86          |
| Jun03                     | \$1.11 | Jun03                                  | \$0.61          |
| Jun02                     | \$0.88 | Jun02                                  | \$0.29          |
| Jun01                     | \$0.00 | Jun01                                  | \$0.00          |
| Jun00                     | \$0.00 | Jun00                                  | \$0.00          |
| Jun99                     | \$0.00 | Jun99                                  | \$0.00          |
| Jun98                     | \$0.00 | <b>Balance Sheet Information Sep15</b> |                 |
| Jun97                     | \$0.00 | Total Current Assets                   | \$3,265,454,000 |
| Jun96                     | \$0.00 | Total Current Liabilities              | \$1,572,137,000 |
| Jun95                     | \$0.00 | Long-Term Debt                         | \$2,361,607,000 |
|                           |        | Total Assets                           | \$5,819,400,000 |
|                           |        | Intangible Assets                      | \$1,549,192,000 |
|                           |        | Total Liabilities                      | \$4,569,101,000 |
|                           |        | Shares Outstanding (Diluted Average)   | 402,979,000     |





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

[The Best Companies of the Apparel Industry – June 2015 \\$GPS \\$HBI \\$KORS \\$RL \\$VFC](#)

[The 16 Best Stocks For Value Investors This Week – 8/1/15](#)

[Hanesbrands Inc. Analysis – Initial Coverage \\$HBI](#)

Other  
ModernGraham  
posts about related  
companies

[Under Armour Inc Valuation – October 2015 Update \\$UA](#)

[Michael Kors Holdings Limited Analysis – October 2015 Update \\$KORS](#)

[Wolverine World Wide Inc. Analysis – September 2015 Update \\$WWW](#)

[Ralph Lauren Corporation Analysis – September 2015 Update \\$RL](#)

[Gap Inc Analysis – September 2015 Update \\$GPS](#)

[VF Corporation Analysis – September 2015 Update \\$VFC](#)

[L Brands Inc. Analysis – August 2015 Update \\$LB](#)

[Abercrombie & Fitch Company Analysis – Initial Coverage \\$ANF](#)

[Nike Inc. Analysis – August 2015 Update \\$NKE](#)

[The Best Companies of the Apparel Industry – June 2015 \\$GPS \\$HBI \\$KORS \\$RL \\$VFC](#)