

# ModernGraham Valuation

## Company Name:

Company Ticker AON

Date of Analysis

1/27/2016

Aon plc Class A  
Ordinary Shares (UK)



## 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	\$23,565,064,600 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.03 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	35.45% Pass
6. Moderate PEmg Ratio	PEmg < 20	20.69 Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.14 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	1.03 Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	12.66 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

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$4.15
MG Growth Estimate	6.31%
<b>MG Value</b>	<b>\$87.72</b>
MG Value based on 3% Growth	\$60.20
MG Value based on 0% Growth	\$35.29
Market Implied Growth Rate	6.10%

### MG Opinion

Current Price	\$85.91
% of Intrinsic Value	97.93%
<b>Opinion</b>	<b>Fairly Valued</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$26.09
Graham Number	\$48.36
PEmg	20.69
Current Ratio	1.03
PB Ratio	4.14
Dividend Yield	1.28%
Number of Consecutive Years of Dividend Growth	4

### 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	\$4.84	Next Fiscal Year Estimate	\$4.15
Dec2014	\$4.66	Dec2014	\$3.63
Dec2013	\$3.53	Dec2013	\$3.04
Dec2012	\$2.99	Dec2012	\$2.90
Dec2011	\$2.87	Dec2011	\$2.92
Dec2010	\$2.37	Dec2010	\$2.94
Dec2009	\$2.57	Dec2009	\$3.10
Dec2008	\$4.80	Dec2008	\$3.14
Dec2007	\$2.69	Dec2007	\$2.24
Dec2006	\$2.13	Dec2006	\$1.97
Dec2005	\$2.17	Dec2005	\$1.78
Dec2004	\$1.63	Dec2004	\$1.56
Dec2003	\$1.88	Dec2003	\$1.49
Dec2002	\$1.61	Dec2002	\$1.35
Dec2001	\$0.53	Dec2001	\$1.27
Dec2000	\$1.79	Dec2000	\$1.60
Dec1999	\$1.33	Dec1999	\$1.39
Dec1998	\$2.07	<b>Balance Sheet Information</b> <b>Sep2015</b>	
Dec1997	\$1.12	Total Current Assets	\$13,920,000,000
Dec1996	\$1.26	Total Current Liabilities	\$13,541,000,000
Dec1995	\$0.00	Long-Term Debt	\$4,799,000,000
		Total Assets	\$27,206,000,000
		Intangible Assets	\$10,828,000,000
		Total Liabilities	\$21,323,000,000
		Shares Outstanding (Diluted Average)	283,800,000





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.

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ModernGraham  
posts about the  
company

[32 Companies in the Spotlight This Week – 12/6/14](#)

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ModernGraham  
posts about related  
companies

[Progressive Corp Valuation – November 2015 Update \\$PGR](#)  
[Progressive Corp Valuation – November 2015 Update \\$PGR](#)  
[Ace Limited Valuation – November 2015 Update \\$ACE](#)  
[Travelers Companies Inc. Valuation – November 2015 Update \\$TRV](#)  
[Lincoln National Corp Valuation – November 2015 Update \\$LNC](#)  
[Unum Group Valuation – November 2015 Update \\$UNM](#)  
[Principal Financial Group Valuation – November 2015 Update \\$PFG](#)  
[Assurant Inc. Valuation – November 2015 Update \\$AIZ](#)  
[American International Group Inc. Valuation – November 2015 Update \\$AIG](#)  
[Cincinnati Financial Corp Valuation – November 2015 Update \\$CINF](#)