ModernGraham Valuation

Company Name:

Aon plc Class A Ordinary Shares (UK)



Company Ticker Date of Analysis

1/27/2016

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.

5. Earnings Growth

AON

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
	Increase of 33% in EPS in past 10		

years using 3 year averages at 35.45% Pass beginning and end 20.69 Fail

6. Moderate PEmg Ratio 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 Positive EPS for 5 years prior 3. Earnings Stability Pass Pass 4. Dividend Record Currently Pays Dividend 5. Earnings Growth EPSmg greater than 5 years ago Pass

Suitability

Defensive No Enterprising No

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.15
MG Growth Estimate	6.31%
MG Value	\$87.72
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% **Fairly Valued**

Opinion

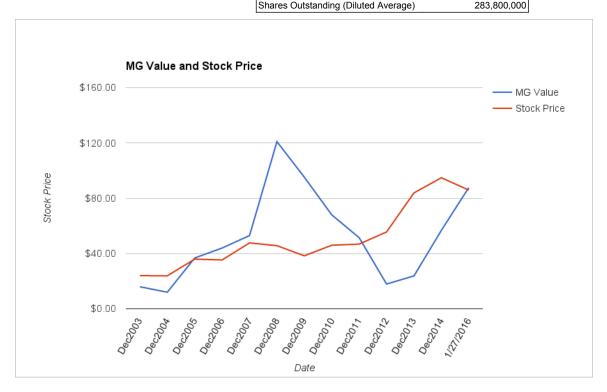
Stage 3: Information for Further Research

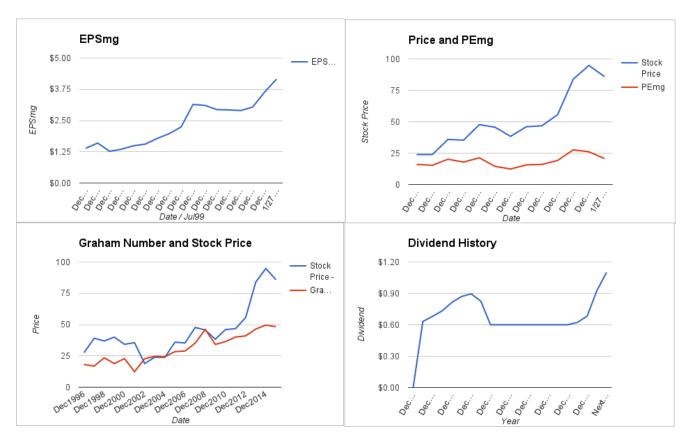
Net Current Asset Value (NCAV)	-\$26.09
Graham Number	\$48.36
PEmg	20.69
Current Ratio	1.03
PB Ratio	4.14
Dividend Yield	1.28%
Number of Consecutive Years of Dividend Growth	4

Useful Links: ModernGraham tagged articles Morningstar

Google Finance MSN Money Yahoo Finance Seeking Alpha SEC Filings GuruFocus

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	Balance Sheet Information	Sep2015
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.

Recommended Reading:

Other ModernGraham posts about the company 32 Companies in the Spotlight This Week – 12/6/14

Other 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