

ModernGraham Valuation

Company Name:

Hanesbrands Inc.

Company Ticker HBI

Date of Analysis

2/3/2016



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.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$12,237,246,632	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	32.49	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	9.74	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

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$0.93
MG Growth Estimate	15.00%
MG Value	\$35.82
MG Value based on 3% Growth	\$13.49
MG Value based on 0% Growth	\$7.91
Market Implied Growth Rate	11.99%

MG Opinion

Current Price	\$30.22
% of Intrinsic Value	84.38%
Opinion	Fairly Valued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$3.24
Graham Number	\$9.32
PEmg	32.49
Current Ratio	2.08
PB Ratio	9.74
Dividend Yield	1.24%
Number of Consecutive Years of Dividend Growth	3

Useful Links:

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Google Finance	MSN Money
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GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.21	Next Fiscal Year Estimate	\$0.93
Dec2014	\$0.99	Dec2014	\$0.76
Dec2013	\$0.81	Dec2013	\$0.60
Dec2012	\$0.41	Dec2012	\$0.46
Dec2011	\$0.67	Dec2011	\$0.46
Dec2010	\$0.54	Dec2010	\$0.38
Dec2009	\$0.14	Dec2009	\$0.35
Dec2008	\$0.34	Dec2008	\$0.52
Dec2007	\$0.33	Dec2007	\$0.68
Jun2006	\$0.84	Jun2006	\$0.87
Jun2005	\$0.57	Jun2005	\$0.84
Jun2004	\$1.17	Jun2004	\$0.86
Jun2003	\$1.11	Jun2003	\$0.61
Jun2002	\$0.88	Jun2002	\$0.29
Jun2001	\$0.00	Jun2001	\$0.00
Dec2000	\$0.00	Dec2000	\$0.00
Dec1999	\$0.00	Dec1999	\$0.00
Dec1998	\$0.00	Balance Sheet Information Sep2015	
Dec1997	\$0.00	Total Current Assets	\$3,265,454,000
Dec1996	\$0.00	Total Current Liabilities	\$1,572,137,000
Dec1995	\$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.

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