

# ModernGraham Valuation

Company Name:

Aaron's, Inc.

Company Ticker AAN

Date of Analysis

5/18/2016



## 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	\$1,708,505,560	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.30	Pass
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 beginning and end	44.79%	Pass
5. Earnings Growth	PEmg < 20	13.48	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.23	Pass
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	2.30	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.65	Pass
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>Yes</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$1.77
MG Growth Estimate	0.80%
<b>MG Value</b>	<b>\$17.85</b>
MG Value based on 3% Growth	\$25.61
MG Value based on 0% Growth	\$15.01
Market Implied Growth Rate	2.49%

### MG Opinion

Current Price	\$23.81
% of Intrinsic Value	133.39%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>B</b>

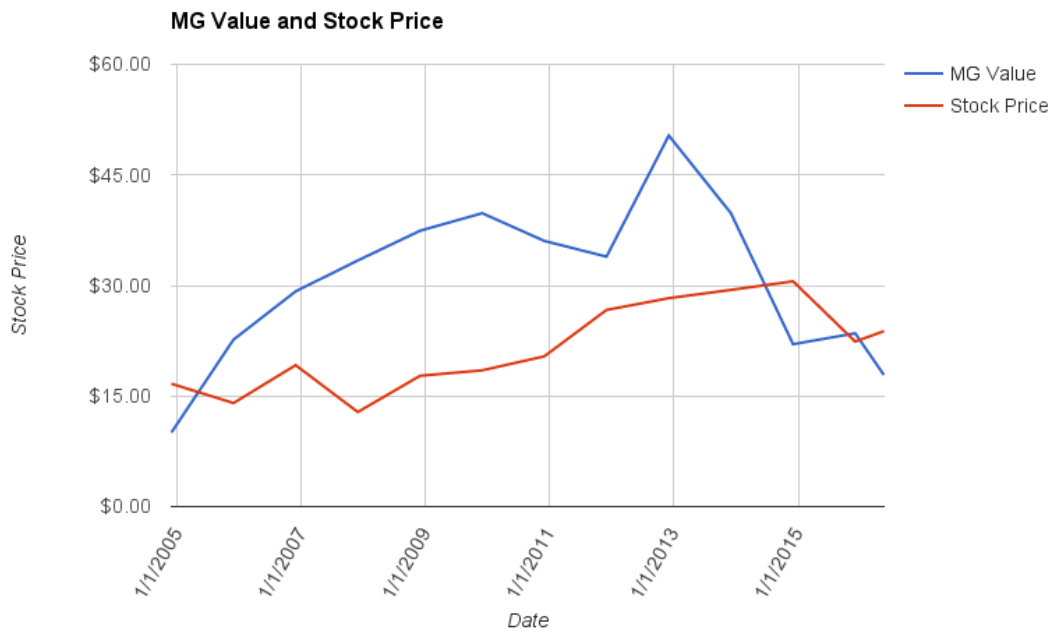
## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$3.84
Graham Number	\$30.23
PEmg	13.48
Current Ratio	2.30
PB Ratio	1.23
Current Dividend	\$0.10
Dividend Yield	0.40%
Number of Consecutive Years of Dividend Growth	11

### 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>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.08	Next Fiscal Year Estimate	\$1.77
12/1/2015	\$1.86	12/1/2015	\$1.62
12/1/2014	\$1.08	12/1/2014	\$1.52
12/1/2013	\$1.58	12/1/2013	\$1.70
12/1/2012	\$2.25	12/1/2012	\$1.68
12/1/2011	\$1.43	12/1/2011	\$1.35
12/1/2010	\$1.44	12/1/2010	\$1.26
12/1/2009	\$1.37	12/1/2009	\$1.13
12/1/2008	\$1.11	12/1/2008	\$0.98
12/1/2007	\$0.99	12/1/2007	\$0.87
12/1/2006	\$0.98	12/1/2006	\$0.76
12/1/2005	\$0.76	12/1/2005	\$0.60
12/1/2004	\$0.69	12/1/2004	\$0.49
12/1/2003	\$0.49	12/1/2003	\$0.38
12/1/2002	\$0.38	12/1/2002	\$0.33
12/1/2001	\$0.18	12/1/2001	\$0.30
12/1/2000	\$0.41	12/1/2000	\$0.35
12/1/1999	\$0.37	<b>Balance Sheet Information 3/1/2016</b>	
12/1/1998	\$0.31	Total Current Assets	\$1,411,647,000
12/1/1997	\$0.28	Total Current Liabilities	\$612,804,000
12/1/1996	\$0.23	Long-term Debt	\$518,041,000
		Total Assets	\$2,548,767,000
		Intangible Assets	\$792,922,000
		Total Liabilities	\$1,130,845,000
		Shares Outstanding (Diluted Average)	73,217,000





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

[Aaron's Inc. Valuation – October 2015 Update \\$AAN](#)

[Aaron's Inc. Analysis – Initial Coverage \\$AAN](#)

Other  
ModernGraham  
posts about related  
companies

[Nordstrom Inc Valuation – May 2016 \\$JWN](#)

[Tractor Supply Company Valuation – May 2016 \\$TSCO](#)

[Fossil Group Inc Stock Valuation – February 2016 \\$FOSL](#)

[TJX Companies Inc Valuation – February 2016 Update \\$TJX](#)

[Coach Inc Valuation – February 2016 Update \\$COH](#)

[Tiffany & Company Valuation – February 2016 Update \\$TIF](#)

[Urban Outfitters Inc Valuation – January 2016 Update \\$URBN](#)

[TJX Companies Inc Valuation – February 2016 Update \\$TJX](#)

[Coach Inc Valuation – February 2016 Update \\$COH](#)

[Tiffany & Company Valuation – February 2016 Update \\$TIF](#)