

ModernGraham Valuation



Company Name:

American Airlines
Group Inc

Company Ticker AAL

Date of Analysis

8/21/2016

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	\$19,241,624,669	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.75	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-165.44%	Fail
6. Moderate PEmg Ratio	PEmg < 20	9.11	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.79	Pass

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	0.75	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.00
MG Growth Estimate	15.00%
MG Value	\$154.18
MG Value based on 3% Growth	\$58.07
MG Value based on 0% Growth	\$34.04
Market Implied Growth Rate	0.31%

MG Opinion

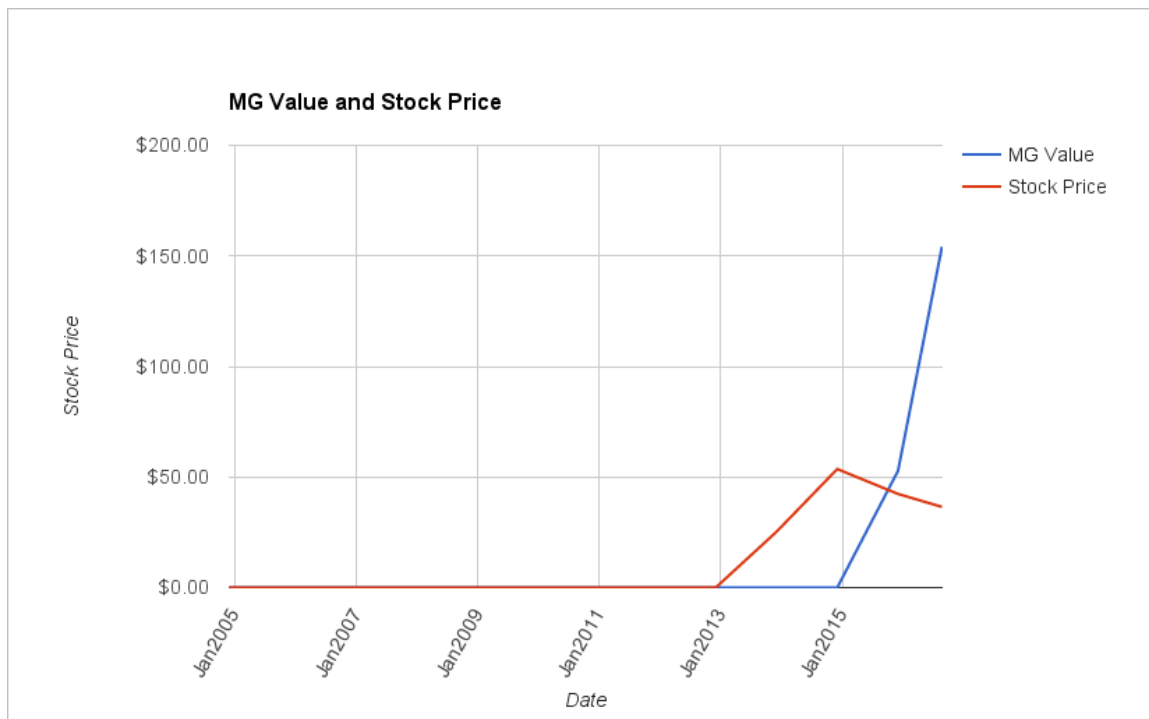
Current Price	\$36.49
% of Intrinsic Value	23.67%
Opinion	Undervalued
MG Grade	C-

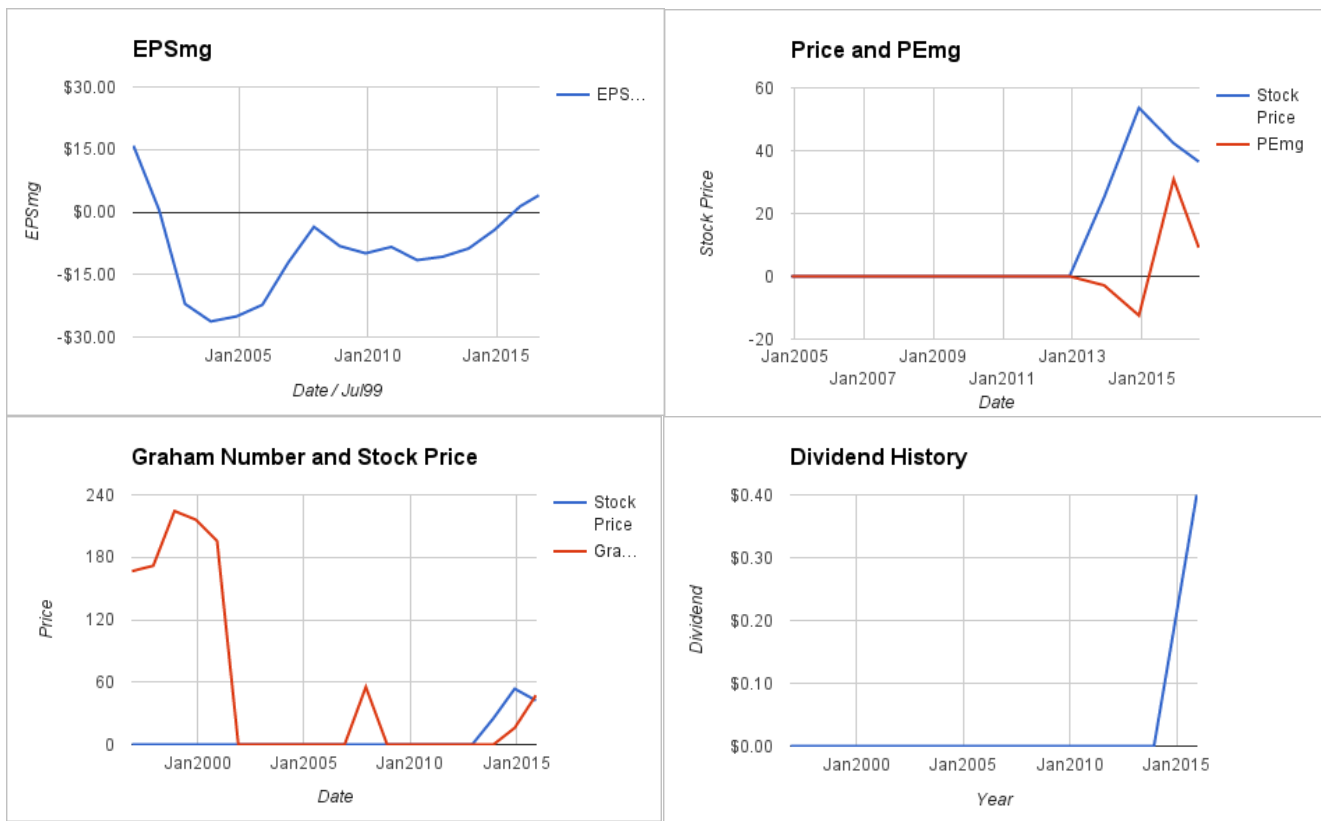
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$62.81
Graham Number	\$29.81
PEmg	9.11
Current Ratio	0.75
PB Ratio	4.79
Current Dividend	\$0.40
Dividend Yield	1.10%
Number of Consecutive Years of Dividend Growth	3

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.92	Next Fiscal Year Estimate	\$4.00
Dec2015	\$11.07	Dec2015	\$1.37
Dec2014	\$3.93	Dec2014	-\$4.30
Dec2013	-\$6.54	Dec2013	-\$8.75
Dec2012	-\$7.52	Dec2012	-\$10.72
Dec2011	-\$15.83	Dec2011	-\$11.55
Dec2010	-\$3.78	Dec2010	-\$8.38
Dec2009	-\$13.36	Dec2009	-\$9.90
Dec2008	-\$21.85	Dec2008	-\$8.18
Dec2007	\$4.77	Dec2007	-\$3.56
Dec2006	\$2.62	Dec2006	-\$12.16
Dec2005	-\$13.87	Dec2005	-\$22.26
Dec2004	-\$12.69	Dec2004	-\$25.04
Dec2003	-\$20.78	Dec2003	-\$26.25
Dec2002	-\$60.46	Dec2002	-\$22.04
Dec2001	-\$30.60	Dec2001	\$0.39
Dec2000	\$13.47	Dec2000	\$15.91
Dec1999	\$16.76	Balance Sheet Information	
Dec1998	\$20.13	6/1/2016	
Dec1997	\$14.43	Total Current Assets	\$11,184,000,000
Dec1996	\$14.97	Total Current Liabilities	\$14,917,000,000
		Long-Term Debt	\$0
		Total Assets	\$51,051,000,000
		Intangible Assets	\$6,304,000,000
		Total Liabilities	\$46,739,000,000
		Shares Outstanding (Diluted Average)	566,040,000





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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[American Airlines Group Analysis – 2015 Initial Coverage \\$AAL](#)

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[Southwest Airlines Company Valuation – October 2015 Update \\$LUV](#)

[Alaska Air Group Inc. Analysis – Initial Coverage \\$ALK](#)

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[Delta Air Lines Inc. Annual Valuation – 2015 \\$DAL](#)

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