

ModernGraham Valuation

Company Name:

Aaron's, Inc.

Company Ticker AAN

Date of Analysis

11/20/2016



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 | \$2,099,321,895 Pass |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2 | 2.46 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 | 43.19% Pass |
| 5. Earnings Growth | PEmg < 20 | 16.68 Pass |
| 6. Moderate PEmg Ratio | PB Ratio < 2.5 OR PB*PEmg < 50 | 1.46 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 | 2.46 Pass |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1 | 0.57 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

| | |
|---------------------|------------|
| Defensive | Yes |
| Enterprising | Yes |

Stage 2: Determination of Intrinsic Value

| | |
|-----------------------------|----------------|
| EPSmg | \$1.74 |
| MG Growth Estimate | 0.57% |
| MG Value | \$16.76 |
| MG Value based on 3% Growth | \$25.22 |
| MG Value based on 0% Growth | \$14.78 |
| Market Implied Growth Rate | 4.09% |

MG Opinion

| | |
|----------------------|-------------------|
| Current Price | \$29.01 |
| % of Intrinsic Value | 173.06% |
| Opinion | Overvalued |
| MG Grade | B |

Stage 3: Information for Further Research

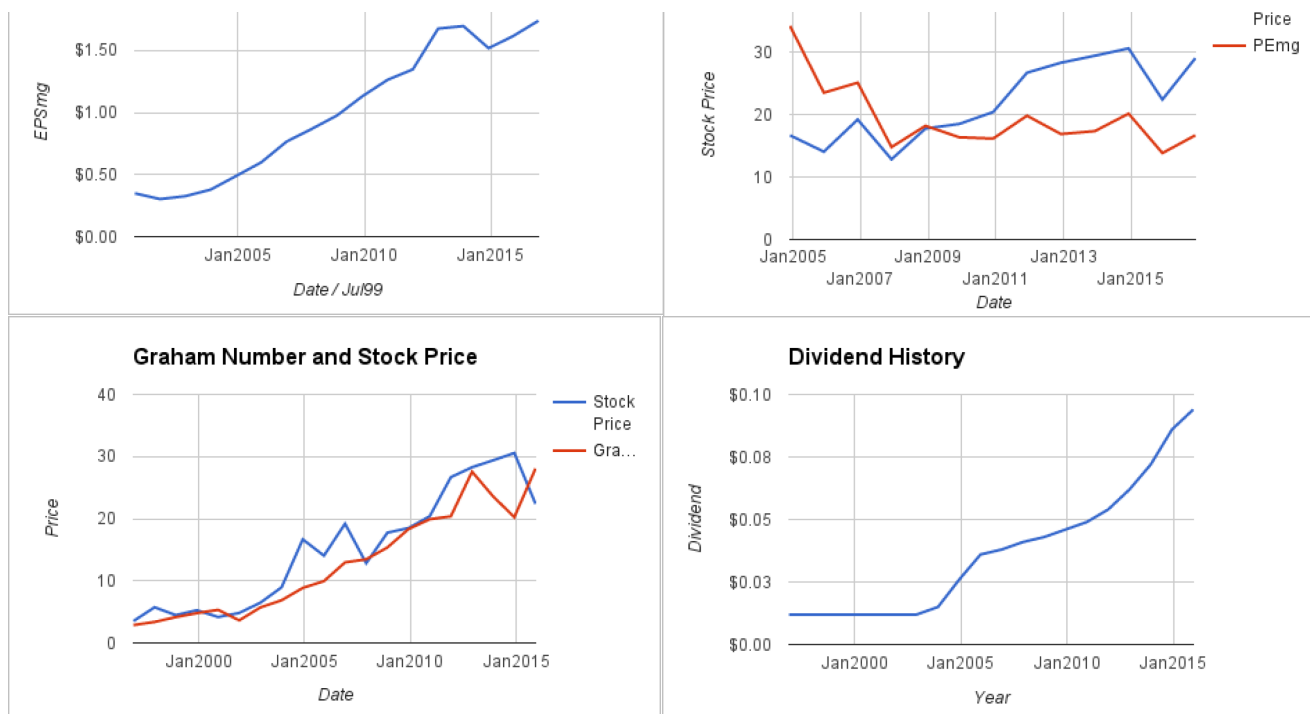
| | |
|--|---------|
| Net Current Asset Value (NCAV) | \$5.12 |
| Graham Number | \$30.30 |
| PEmg | 16.68 |
| Current Ratio | 2.46 |
| PB Ratio | 1.46 |
| Current Dividend | \$0.10 |
| Dividend Yield | 0.34% |
| Number of Consecutive Years of Dividend Growth | 14 |

Useful Links:

| | |
|--|-------------------------------|
| ModernGraham tagged articles | Morningstar |
| Google Finance | MSN Money |
| Yahoo Finance | Seeking Alpha |
| GuruFocus | SEC Filings |

| EPS History | | EPSmg History | |
|---------------------------|--------|---|-----------------|
| Next Fiscal Year Estimate | | Next Fiscal Year Estimate | |
| | \$2.00 | | \$1.74 |
| Dec2015 | \$1.86 | Dec2015 | \$1.62 |
| Dec2014 | \$1.08 | Dec2014 | \$1.52 |
| Dec2013 | \$1.58 | Dec2013 | \$1.70 |
| Dec2012 | \$2.25 | Dec2012 | \$1.68 |
| Dec2011 | \$1.43 | Dec2011 | \$1.35 |
| Dec2010 | \$1.44 | Dec2010 | \$1.26 |
| Dec2009 | \$1.37 | Dec2009 | \$1.13 |
| Dec2008 | \$1.11 | Dec2008 | \$0.98 |
| Dec2007 | \$0.97 | Dec2007 | \$0.87 |
| Dec2006 | \$1.00 | Dec2006 | \$0.76 |
| Dec2005 | \$0.76 | Dec2005 | \$0.60 |
| Dec2004 | \$0.69 | Dec2004 | \$0.49 |
| Dec2003 | \$0.49 | Dec2003 | \$0.38 |
| Dec2002 | \$0.38 | Dec2002 | \$0.33 |
| Dec2001 | \$0.18 | Dec2001 | \$0.30 |
| Dec2000 | \$0.41 | Dec2000 | \$0.35 |
| Dec1999 | \$0.37 | Balance Sheet Information 9/1/2016 | |
| Dec1998 | \$0.31 | Total Current Assets | \$1,468,747,000 |
| Dec1997 | \$0.28 | Total Current Liabilities | \$598,124,000 |
| Dec1996 | \$0.23 | Long-Term Debt | \$496,170,000 |
| | | Total Assets | \$2,551,390,000 |
| | | Intangible Assets | \$783,829,000 |
| | | Total Liabilities | \$1,094,294,000 |
| | | Shares Outstanding (Diluted Average) | 73,199,000 |





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

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

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

[Target Corp Valuation – August 2016 \\$TGT](#)

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

[Dollar General Corp Valuation – August 2016 \\$DGD](#)

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

[Tiffany & Co Valuation – August 2016 \\$TIF](#)

[Best Buy Co Valuation – July 2016 \\$BBY](#)

[GameStop Corp Valuation – July 2016 \\$GME](#)

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