

ModernGraham Valuation



Company Name:

Aon plc Class A
Ordinary Shares (UK)

Company Ticker AON

Date of Analysis

2/27/2018

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	\$35,277,667,100	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.07	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	127.02%	Pass
6. Moderate PEmg Ratio	PEmg < 20	24.27	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	7.90	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	1.07	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	6.15	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 Score		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$5.87
MG Growth Estimate	9.23%
MG Value	\$158.30
MG Value based on 3% Growth	\$85.12
MG Value based on 0% Growth	\$49.90
Market Implied Growth Rate	7.88%

MG Opinion

Current Price	\$142.46
% of Intrinsic Value	89.99%
Opinion	Fairly Valued
MG Grade	D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$30.81
Graham Number	\$56.99
PEmg	24.27
Current Ratio	1.07
PB Ratio	7.90
Current Dividend	\$1.41
Dividend Yield	0.99%
Number of Consecutive Years of Dividend Growth	6

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	\$7.87	Next Fiscal Year Estimate	\$5.87
Dec2017	\$4.70	Dec2017	\$4.78
Dec2016	\$5.16	Dec2016	\$4.62
Dec2015	\$4.88	Dec2015	\$4.17
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	\$2.25
Dec2006	\$2.13	Dec2006	\$1.98
Dec2005	\$2.17	Dec2005	\$1.80
Dec2004	\$1.63	Dec2004	\$1.58
Dec2003	\$1.97	Dec2003	\$1.52
Dec2002	\$1.61	Dec2002	\$1.35
Dec2001	\$0.53	Balance Sheet Information 12/1/2017	
Dec2000	\$1.79	Total Current Assets	\$13,677,000,000
Dec1999	\$1.33	Total Current Liabilities	\$12,755,000,000
Dec1998	\$2.07	Long-Term Debt	\$5,667,000,000
		Total Assets	\$26,088,000,000
		Intangible Assets	\$10,091,000,000
		Total Liabilities	\$21,505,000,000
		Shares Outstanding (Diluted Average)	254,100,000





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

- [Aon PLC Valuation – January 2016 Update \\$AON](#)
- [32 Companies in the Spotlight This Week – 12/6/14](#)
- [Aon PLC Annual Valuation – 2014 \\$AON](#)

Other ModernGraham posts about related companies

- [Travelers Companies Inc Valuation – February 2018 \\$TRV](#)
- [Hanover Insurance Group Valuation – Initial Coverage \\$THG](#)
- [Prudential Financial Inc Valuation – July 2017 \\$PRU](#)
- [Assurant Inc Valuation – March 2017 \\$AIZ](#)
- [American International Group Inc Valuation – March 2017 \\$AIG](#)
- [Torchmark Corporation Valuation – March 2017 \\$TMK](#)
- [Humana Inc Valuation – Initial Coverage \\$HUM](#)
- [Chubb Ltd Valuation – March 2017 \\$CB](#)
- [Stewart Information Services Corp Valuation – Initial Coverage \\$STC](#)
- [Loews Corporation – February 2017 \\$L](#)