

# ModernGraham Valuation

Company Name:

Hanesbrands Inc.

Company Ticker HBI

Date of Analysis

3/5/2018



## 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	\$7,309,331,246	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.90	Fail
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	144.07%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	18.35	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	10.79	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	1.90	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.30	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
	Score		

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$1.11
MG Growth Estimate	7.01%
<b>MG Value</b>	<b>\$24.91</b>
MG Value based on 3% Growth	\$16.04
MG Value based on 0% Growth	\$9.40
Market Implied Growth Rate	4.92%

### MG Opinion

Current Price	\$20.29
% of Intrinsic Value	81.46%
<b>Opinion</b>	<b>Fairly Valued</b>
<b>MG Grade</b>	<b>B-</b>

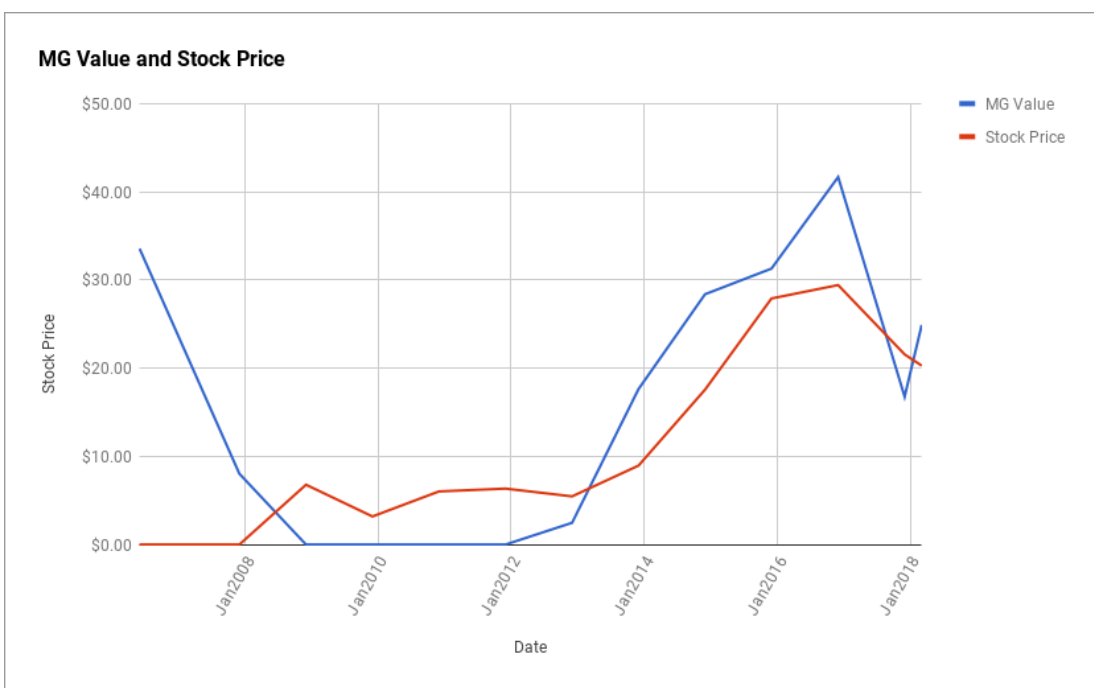
## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$7.73
Graham Number	\$8.59
PEmg	18.35
Current Ratio	1.90
PB Ratio	10.79
Current Dividend	\$0.60
Dividend Yield	2.96%
Number of Consecutive Years of Dividend Growth	5

### 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>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.72	Next Fiscal Year Estimate	\$1.11
Dec2017	\$0.17	Dec2017	\$0.83
Dec2016	\$1.40	Dec2016	\$1.08
Dec2015	\$1.06	Dec2015	\$0.88
Dec2014	\$0.99	Dec2014	\$0.75
Dec2013	\$0.81	Dec2013	\$0.59
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	<b>Balance Sheet Information 12/1/2017</b>	
Dec2000	\$0.00	Total Current Assets	\$3,386,370,000
Dec1999	\$0.00	Total Current Liabilities	\$1,778,745,000
Dec1998	\$0.00	Long-Term Debt	\$3,702,054,000
		Total Assets	\$6,894,775,000
		Intangible Assets	\$2,569,864,000
		Total Liabilities	\$6,208,573,000
		Shares Outstanding (Diluted Average)	364,863,000





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**

- [5 Companies for Enterprising Investors Near 52 Week Lows – December 2016](#)
- [14 Best Undervalued Stocks of the Week – 8/6/16](#)
- [Hanesbrands Inc Valuation – August 2016 \\$HBI](#)
- [5 Undervalued Stocks Near Lows for Enterprising Value Investors – Aug 2016](#)
- [26 Best Stocks For Value Investors This Week – 2/6/16](#)

**Other ModernGraham posts about related companies**

- [L Brands Inc Valuation – March 2018 \\$LB](#)
- [Nike Inc Valuation – February 2018 \\$NKE](#)
- [Nike Inc Valuation – July 2017 \\$NKE](#)
- [Deckers Outdoor Corp Valuation – Initial Coverage \\$DECK](#)
- [Ralph Lauren Corp Valuation – April 2017 \\$RRL](#)
- [Abercrombie & Fitch Co Valuation – March 2017 \\$ANF](#)
- [Crocs Inc Valuation – Initial Coverage \\$CROX](#)
- [Stage Stores Inc Valuation – Initial Coverage \\$SSI](#)
- [Carter's Inc Valuation – Initial Coverage \\$CRI](#)
- [Kate Spade & Co Valuation – Initial Coverage \\$KATE](#)