

# ModernGraham Valuation

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Co



## Company Name:

Company Ticker AJG

Date of Analysis

4/29/2018

## 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	\$12,785,080,466	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.05	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	96.92%	Pass
6. Moderate PEmg Ratio	PEmg < 20	26.18	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.16	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	1.05	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	10.42	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

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

## Stage 2: Determination of Intrinsic Value

EPSmg	\$2.70
MG Growth Estimate	7.41%
<b>MG Value</b>	<b>\$62.91</b>
MG Value based on 3% Growth	\$39.11
MG Value based on 0% Growth	\$22.93
Market Implied Growth Rate	8.84%

### MG Opinion

Current Price	\$70.62
% of Intrinsic Value	112.26%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>D</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$19.73
Graham Number	\$41.96
PEmg	26.18
Current Ratio	1.05
PB Ratio	3.16
Current Dividend	\$1.56
Dividend Yield	2.21%
Number of Consecutive Years of Dividend Growth	7

### 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	\$3.45	Next Fiscal Year Estimate	\$2.70
Dec2017	\$2.54	Dec2017	\$2.28
Dec2016	\$2.32	Dec2016	\$2.10
Dec2015	\$2.06	Dec2015	\$1.92
Dec2014	\$1.97	Dec2014	\$1.81
Dec2013	\$2.06	Dec2013	\$1.67
Dec2012	\$1.59	Dec2012	\$1.43
Dec2011	\$1.28	Dec2011	\$1.33
Dec2010	\$1.66	Dec2010	\$1.34
Dec2009	\$1.28	Dec2009	\$1.13
Dec2008	\$0.82	Dec2008	\$1.09
Dec2007	\$1.43	Dec2007	\$1.26
Dec2006	\$1.31	Dec2006	\$1.22
Dec2005	\$0.32	Dec2005	\$1.23
Dec2004	\$1.99	Dec2004	\$1.62
Dec2003	\$1.57	Dec2003	\$1.37
Dec2002	\$1.41	Dec2002	\$1.22
Dec2001	\$1.39	<b>Balance Sheet Information 12/1/2017</b>	
Dec2000	\$1.04	Total Current Assets	\$5,170,600,000
Dec1999	\$0.87	Total Current Liabilities	\$4,912,300,000
Dec1998	\$0.77	Long-Term Debt	\$2,691,900,000
		Total Assets	\$12,897,400,000
		Intangible Assets	\$5,842,500,000
		Total Liabilities	\$8,792,200,000
		Shares Outstanding (Diluted Average)	183,600,000





**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** [Arthur J Gallagher & Co Valuation – December 2016 \\$AJG](#)  
[Arthur J Gallagher & Company Analysis – Initial Coverage \\$AJG](#)

**Other ModernGraham posts about related companies** [Allstate Corp Valuation – April 2018 \\$ALL](#)  
[Hartford Financial Services Group Inc Valuation – April 2018 \\$HIG](#)  
[Unum Group Valuation – April 2018 \\$UNM](#)  
[Brighthouse Financial Inc Valuation – Initial Coverage \\$BHF](#)  
[XL Group Ltd Valuation – April 2018 \\$XL](#)  
[Aetna Inc Valuation – April 2018 \\$AET](#)  
[Everest Re Group Ltd Valuation – Initial Coverage \\$RE](#)  
[Cigna Corp Valuation – March 2018 \\$CI](#)  
[Aspen Insurance Holdings Ltd Valuation – March 2018 \\$AHL](#)  
[AFLAC Inc Valuation – March 2018 \\$AFL](#)