

ModernGraham Valuation

Company Name:

Company Ticker AAL

Date of Analysis

5/21/2018

American Airlines
Group Inc



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	\$20,729,798,638	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.57	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	-140.07%	Fail
5. Earnings Growth	PEmg < 20	8.45	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	-20.64	Fail
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	0.57	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-2.99	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	\$5.24
MG Growth Estimate	15.00%
MG Value	\$201.74
MG Value based on 3% Growth	\$75.98
MG Value based on 0% Growth	\$44.54
Market Implied Growth Rate	-0.02%

MG Opinion

Current Price	\$44.28
% of Intrinsic Value	21.95%
Opinion	Undervalued
MG Grade	C-

Stage 3: Information for Further Research

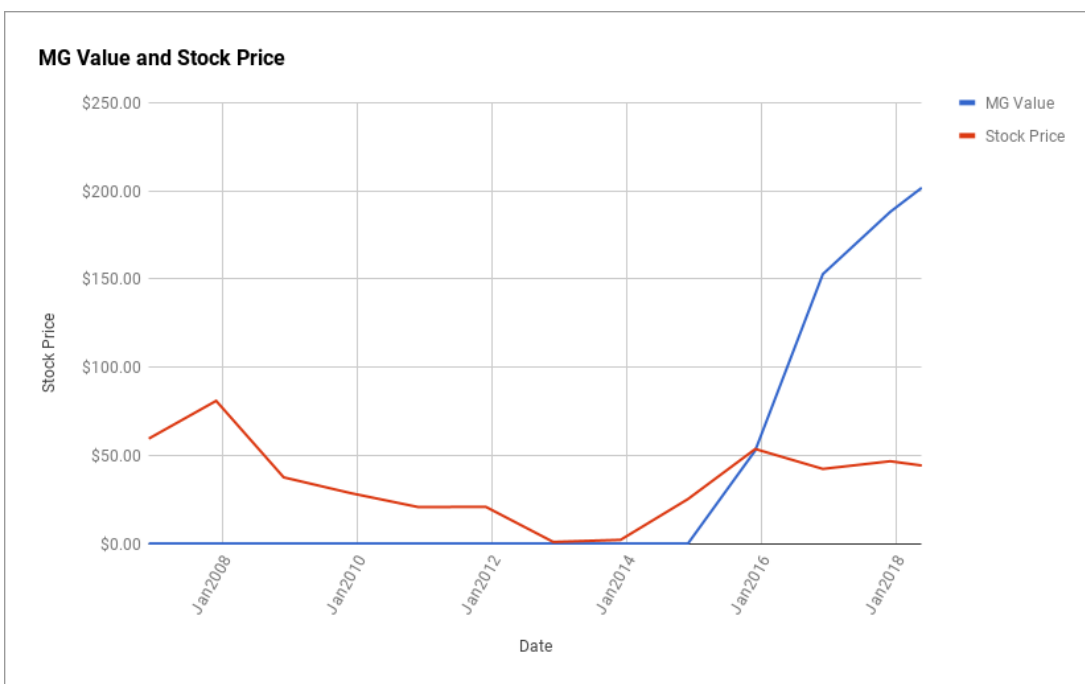
Net Current Asset Value (NCAV)	-\$94.03
Graham Number	\$28.91
PEmg	8.45
Current Ratio	0.57
PB Ratio	-20.64
Current Dividend	\$0.40
Dividend Yield	0.90%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.50	Next Fiscal Year Estimate	\$5.24
Dec2017	\$3.90	Dec2017	\$4.88
Dec2016	\$4.81	Dec2016	\$3.97
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	Balance Sheet Information 3/1/2018	
Dec2000	\$13.47	Total Current Assets	\$9,673,000,000
Dec1999	\$16.76	Total Current Liabilities	\$17,008,000,000
Dec1998	\$20.13	Long-Term Debt	\$21,946,000,000
		Total Assets	\$53,280,000,000
		Intangible Assets	\$6,284,000,000
		Total Liabilities	\$54,298,000,000
		Shares Outstanding (Diluted Average)	474,598,000





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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