

# ModernGraham Valuation

Company Name:

Aaron's, Inc.

Company Ticker AAN

Date of Analysis

6/7/2018



## 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	\$2,863,035,408	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.56	Fail
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	117.69%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	14.17	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.67	Pass

*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	1.56	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.47	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	Yes
Enterprising	Yes

## Stage 2: Determination of Intrinsic Value

EPSmg	\$2.87
MG Growth Estimate	13.37%
<b>MG Value</b>	<b>\$101.20</b>
MG Value based on 3% Growth	\$41.63
MG Value based on 0% Growth	\$24.41
Market Implied Growth Rate	2.84%

### MG Opinion

Current Price	\$40.70
% of Intrinsic Value	40.22%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>A-</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$7.75
Graham Number	\$42.55
PEmg	14.17
Current Ratio	1.56
PB Ratio	1.67
Current Dividend	\$0.11
Dividend Yield	0.28%
Number of Consecutive Years of Dividend Growth	15

### Useful Links:

[ModernGraham tagged articles](#)  
[Google Finance](#)  
[Yahoo Finance](#)  
[GuruFocus](#)

[Morningstar](#)  
[MSN Money](#)  
[Seeking Alpha](#)  
[SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	\$2.87
Dec2017	\$3.26	Dec2017	\$2.48
Dec2016	\$4.06	Dec2016	\$1.71
Dec2015	\$1.91	Dec2015	\$1.62
Dec2014	\$1.86	Dec2014	\$1.52
Dec2013	\$1.08	Dec2013	\$1.70
Dec2012	\$1.58	Dec2012	\$1.68
Dec2011	\$2.25	Dec2011	\$1.35
Dec2010	\$1.43	Dec2010	\$1.26
Dec2009	\$1.44	Dec2009	\$1.13
Dec2008	\$1.37	Dec2008	\$0.98
Dec2007	\$1.11	Dec2007	\$0.87
Dec2006	\$0.97	Dec2006	\$0.76
Dec2005	\$1.00	Dec2005	\$0.60
Dec2004	\$0.76	Dec2004	\$0.49
Dec2003	\$0.69	Dec2003	\$0.38
Dec2002	\$0.49	Dec2002	\$0.33
Dec2001	\$0.38	<b>Balance Sheet Information 3/1/2018</b>	
Dec2000	\$0.18	Total Current Assets	\$404,385,000
Dec1999	\$0.41	Total Current Liabilities	\$259,476,000
Dec1998	\$0.37	Long-Term Debt	\$358,519,000
	\$0.31	Total Assets	\$2,719,009,000
		Intangible Assets	\$857,046,000
		Total Liabilities	\$962,817,000
		Shares Outstanding (Diluted Average)	72,018,000





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 – November 2016 \\$AAN](#)  
[Aaron's Inc Valuation – May 2016 \\$AAN](#)  
[Aaron's Inc. Valuation – October 2015 Update \\$AAN](#)  
[Aaron's Inc. Analysis – Initial Coverage \\$AAN](#)

Other  
ModernGraham  
posts about related  
companies

[Ulta Beauty Inc Valuation – June 2018 \\$ULTA](#)  
[Kohl's Corporation Valuation – June 2018 \\$KSS](#)  
[Dollar Tree Inc Valuation – May 2018 \\$DLTR](#)  
[TJX Companies Inc Valuation – May 2018 \\$TJX](#)  
[Tractor Supply Co Valuation – April 2018 \\$TSCO](#)  
[Tapestry Inc Valuation – April 2018 \\$TPR](#)  
[Dollar General Corp Valuation – April 2018 \\$DG](#)  
[Tiffany & Co. Valuation – April 2018 \\$TIF](#)  
[Best Buy Co Inc Valuation – April 2018 \\$BBY](#)  
[Macy's Inc Valuation – April 2018 \\$M](#)