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	
5. Earnings Growth	beginning and end	117.69% Pass
Moderate PEmg Ratio	PEmg < 20	14.17 Pass
7 Moderate Price to Assets	PB Ratio < 2.5 OR PB*PFmg < 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		Pass

40.22%

Score

Suitability

MG Opinion

Defensive Yes Enterprising Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.87
MG Growth Estimate	13.37%
MG Value	\$101.20
MG Value based on 3% Growth	\$41.63
MG Value based on 0% Growth	\$24.41
Market Implied Growth Rate	2.84%
Current Price	\$40.70

% of Intrinsic Value Opinion Undervalued

MG Grade

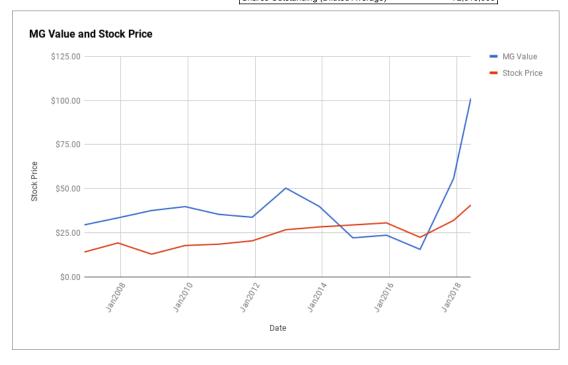
Stage 3: Information for Further Research

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

Morningstar Google Finance MSN Money Yahoo Finance Seeking Alpha <u>GuruFocus</u> **SEC Filings**

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.26	Next Fiscal Year Estimate	\$2.87
Dec2017	\$4.06	Dec2017	\$2.48
Dec2016	\$1.91	Dec2016	\$1.7
Dec2015	\$1.86	Dec2015	\$1.62
Dec2014	\$1.08	Dec2014	\$1.52
Dec2013	\$1.58	Dec2013	\$1.70
Dec2012	\$2.25	Dec2012	\$1.68
Dec2011	\$1.43	Dec2011	\$1.35
Dec2010	\$1.44	Dec2010	\$1.20
Dec2009	\$1.37	Dec2009	\$1.1
Dec2008	\$1.11	Dec2008	\$0.9
Dec2007	\$0.97	Dec2007	\$0.8
Dec2006	\$1.00	Dec2006	\$0.7
Dec2005	\$0.76	Dec2005	\$0.6
Dec2004	\$0.69	Dec2004	\$0.4
Dec2003	\$0.49	Dec2003	\$0.3
Dec2002	\$0.38	Dec2002	\$0.3
Dec2001	\$0.18	Balance Sheet Information	3/1/201
Dec2000	\$0.41	Total Current Assets	\$404,385,000
Dec1999	\$0.37	Total Current Liabilities	\$259,476,000
Dec1998	\$0.31	Long-Term Debt	\$358,519,000
		Total Assets	\$2,719,009,000
		Intangible Assets	\$857,046,000
		Total Liabilities	\$962,817,000
		Shares Outstanding (Diluted Average)	72,018,00





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