

ModernGraham Valuation

Arthur J Gallagher &
Co



Company Name:

Company Ticker AJG

Date of Analysis

2/21/2019

Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass all 6 of the following tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$14,824,192,568	Pass
2. Earnings Stability	Positive EPS for 10 years prior		Pass
3. 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	116.11%	Pass
4. Earnings Growth	PEmg < 20	25.83	Fail
5. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	3.31	Fail
6. Moderate Price to Assets			

Enterprising Investor; must pass all 3 of the following tests, or be suitable for the Defensive Investor.

1. Earnings Stability	Positive EPS for 5 years prior	Pass
2. Dividend Record	Currently Pays Dividend	Pass
3. Earnings Growth	EPSmg greater than 5 years ago	Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	3.12
MG Growth Estimate	9.34%
MG Value	\$84.76
MG Value based on 3% Growth	\$45.21
MG Value based on 0% Growth	\$26.50
Market Implied Growth Rate	8.67%

MG Opinion

Current Price	\$80.54
% of Intrinsic Value	95.02%
Opinion	Fairly Valued
MG Grade	B-

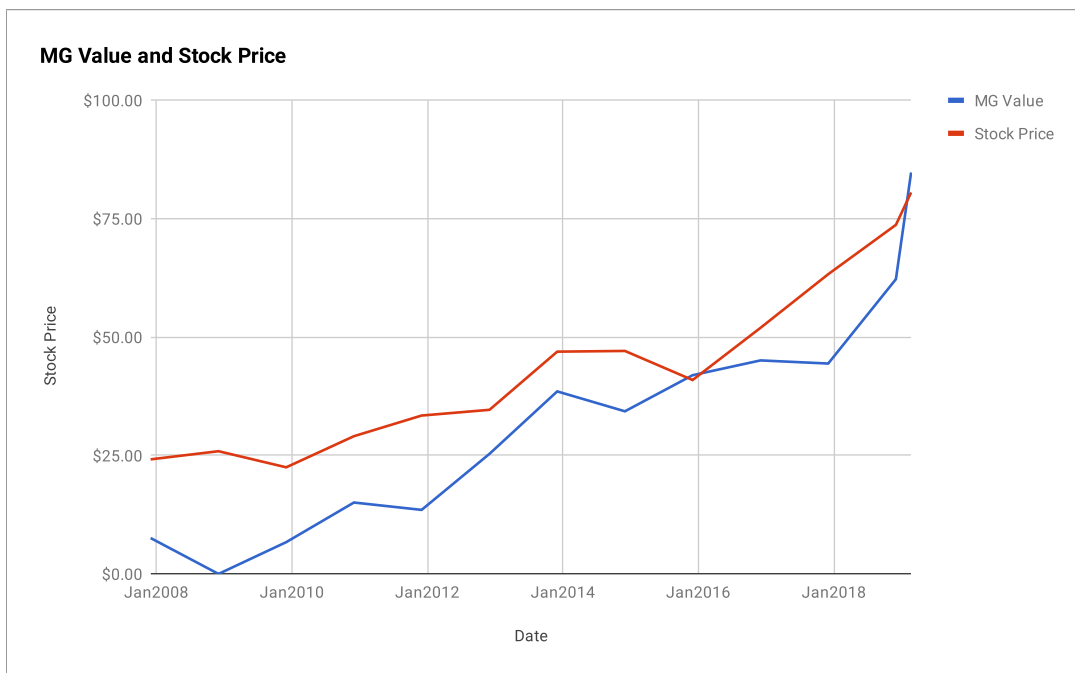
Stage 3: Information for Further Research

Graham Number	\$45.42
PEmg	25.83
PB Ratio	3.31
Dividend Yield	2.04%
Number of Consecutive Years of Dividend Growth	8

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.75	Next Fiscal Year Estimate	\$3.12
Dec2018	\$3.40	Dec2018	\$2.69
Dec2017	\$2.64	Dec2017	\$2.28
Dec2016	\$2.22	Dec2016	\$2.06
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	Balance Sheet Information 12/1/2018	
Dec2001	\$1.39	Long-Term Debt & Capital Lease Obligation	\$3,091,400,000
Dec2000	\$1.04	Total Assets	\$16,334,000,000
Dec1999	\$0.87	Intangible Assets	\$6,398,600,000
		Total Liabilities	\$11,764,300,000
		Shares Outstanding (Diluted Average)	187,700,000





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 – April 2018 \\$AJG](#)
[Arthur J Gallagher & Co Valuation – December 2016 \\$AJG](#)
[Arthur J Gallagher & Company Analysis – Initial Coverage \\$AJG](#)

**Other
ModernGraham
posts about related
companies**

[Brighthouse Financial Inc Valuation – February 2019 \\$BHF](#)
[Allstate Corp Valuation – February 2019 \\$ALL](#)
[Hartford Financial Services Group Inc Valuation – February 2019 \\$HIG](#)
[Unum Group Valuation – February 2019 \\$UNM](#)
[Everest Re Group Ltd Valuation – February 2019 \\$RE](#)
[Cigna Corp Valuation – January 2019 \\$CI](#)
[MetLife Inc Valuation – January 2019 \\$MET](#)
[Aflac Inc Valuation – January 2019 \\$AFL](#)
[Principal Financial Group Inc Valuation – January 2019 \\$PFG](#)
[Progressive Corp Valuation – January 2019 \\$PGR](#)