

# ModernGraham Valuation

## Company Name:

Company Ticker AAL

Date of Analysis

3/11/2019

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	\$14,392,244,457	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.12	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	-141.07%	Fail
5. Earnings Growth	PEmg < 20	7.09	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.26	Pass
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	1.12	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	9.67	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	\$4.52
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$174.07</b>
MG Value based on 3% Growth	\$65.56
MG Value based on 0% Growth	\$38.43
Market Implied Growth Rate	-0.71%

### MG Opinion

Current Price	\$32.04
% of Intrinsic Value	18.41%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>C+</b>

## Stage 3: Information for Further Research

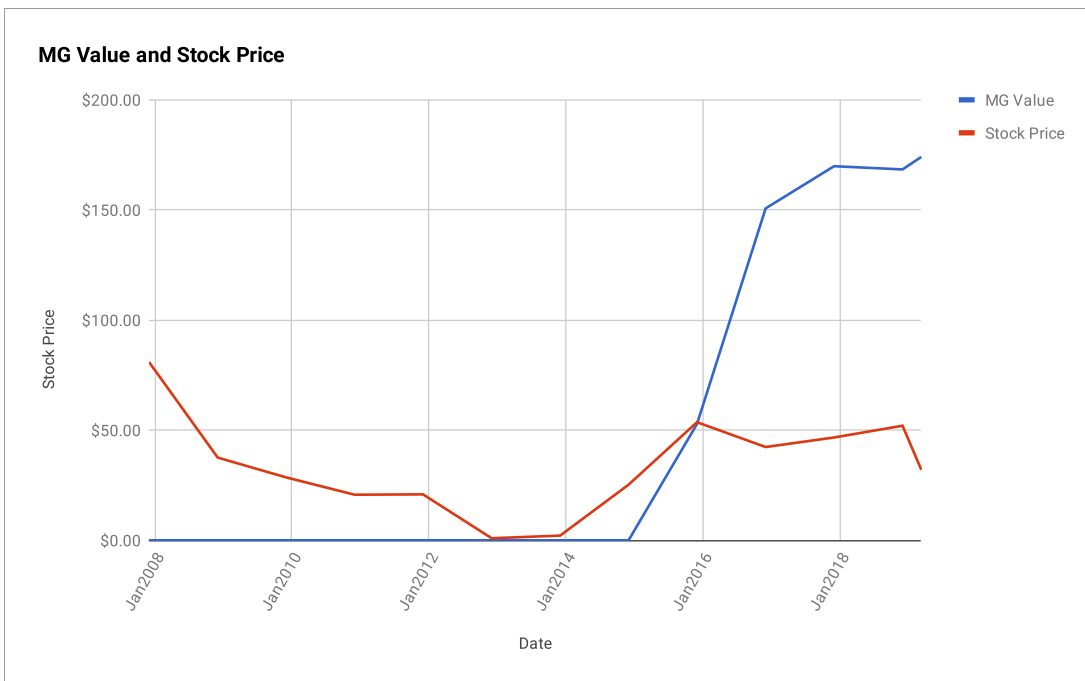
Net Current Asset Value (NCAV)	-\$86.27
Graham Number	\$55.21
PEmg	7.09
Current Ratio	1.12
PB Ratio	1.26
Current Dividend	\$0.40
Dividend Yield	1.25%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$5.50	Next Fiscal Year Estimate	\$4.52
Dec2018	\$3.03	Dec2018	\$4.37
Dec2017	\$2.61	Dec2017	\$4.41
Dec2016	\$4.65	Dec2016	\$3.91
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	<b>Balance Sheet Information</b> <b>12/1/2018</b> Total Current Assets \$19,257,000,000 Total Current Liabilities \$17,121,000,000 Long-Term Debt \$20,650,000,000 Total Assets \$70,878,000,000 Intangible Assets \$15,322,000,000 Total Liabilities \$59,108,000,000 Shares Outstanding (Diluted Average) 461,916,000	
Dec2001	-\$30.60		
Dec2000	\$13.47		
Dec1999	\$16.76		





**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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