

## The Aaron's Company Spin-Off: Attractive Valuation and Buyout Candidate

*Dec 1, 2020 | By Alex Gavrish, Etalon Capital Ltd; author of "Story Investing"*

On December 1st 2020, The Aaron's Holdings Company completed separation into two companies: The Aaron's Company (spin-off, symbol AAN) and PROG Holdings (parent, new symbol PRG).

Shareholders received one share of The Aaron's Company for every two shares of the parent company.

The spin-off The Aaron's Company will be comprised of approximately 1,400 company-operated and franchised stores in U.S. and Canada, the e-commerce platform Aarons.com, and Woodhaven Furniture Industries.

Based on pro-forma statements and company's roadshow presentation, during FY 2019 company generated \$1.8 bil in sales, adjusted EBITDA of \$165 mil, and \$106 mil of Free Cash Flow.

Based on yesterday's closing share price of \$19.2, company had a market cap of \$648 mil and was valued at an EV/EBITDA valuation multiple of x3.7 (FY 2019).

We think that shares of The Aaron's Company provide investors at attractive value investment opportunity with possibility for a buyout.