ModernGraham Valuation

Company Name:

AutoNation, Inc.

Company Ticker Date of Analysis

3/11/2017



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.

Adequate Size of the Enterprise	Market Cap > \$2Bil	\$4,539,433,107 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.81 Fail
3. Earnings Stability	Positive EPS for 10 years prior	Fail
Dividend Record	Dividend Payments for 10 years prior	Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at	
5. Earnings Growth	beginning and end	-362.61% Fail
Moderate PEmg Ratio	PEmg < 20	11.91 Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.01 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	0.81 Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-1.45 Fail
3. Earnings Stability	Positive EPS for 5 years prior	Pass
Dividend Record	Currently Pays Dividend	Fail
5. Earnings Growth	EPSmg greater than 5 years ago	Pass

\$44.84

44.29%

Score

Suitability

MG Opinion

Defensive No Enterprising

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.76
MG Growth Estimate	9.20%
MG Value	\$101.23
MG Value based on 3% Growth	\$54.57
MG Value based on 0% Growth	\$31.99
Market Implied Growth Rate	1.71%

% of Intrinsic Value Undervalued

Opinion MG Grade C-

Stage 3: Information for Further Research

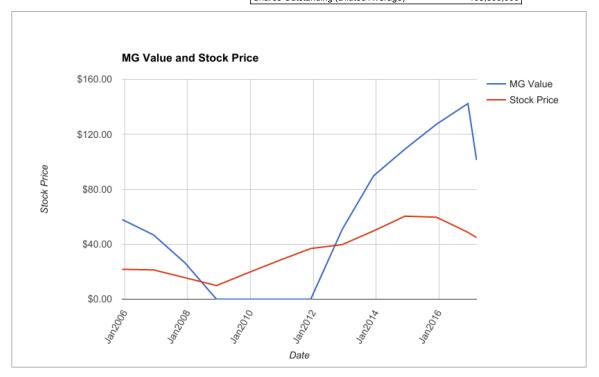
Current Price

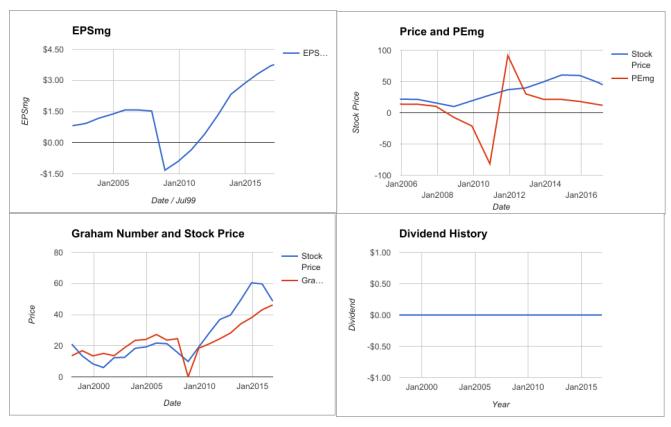
Net Current Asset Value (NCAV)	-\$29.24
Graham Number	\$43.16
PEmg	11.91
Current Ratio	0.81
PB Ratio	2.01
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend	
Growth	0

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	***	Next Fiscal Year Estimate	\$3.76
Dec2016	\$4.15	Dec2016	\$3.70
Dec2015	\$3.89	Dec2015	\$3.31
Dec2014	\$3.52	Dec2014	\$2.84
Dec2013	\$3.04	Dec2013	\$2.33
Dec2012	\$2.52	Dec2012	\$1.32
Dec2011	\$1.91	Dec2011	\$0.40
Dec2010	\$1.43	Dec2010	-\$0.35
Dec2009	\$1.12	Dec2009	-\$0.91
Dec2008	-\$6.99	Dec2008	-\$1.33
Dec2007	\$1.39	Dec2007	\$1.52
Dec2006	\$1.38	Dec2006	\$1.57
Dec2005	\$1.85	Dec2005	\$1.58
Dec2004	\$1.59	Dec2004	\$1.37
Dec2003	\$1.67	Dec2003	\$1.18
Dec2002	\$1.19	Dec2002	\$0.92
Dec2001	\$0.69	Dec2001	\$0.81
Dec2000	\$0.91	Balance Sheet Information	12/1/2016
Dec1999	\$0.66	Total Current Assets	\$4,714,800,000
Dec1998	\$1.06	Total Current Liabilities	\$5,829,200,000
Dec1997	\$1.02	Long-Term Debt	\$1,611,100,000
		Total Assets	\$10,060,000,000
		Intangible Assets	\$2,109,500,000
		Total Liabilities	\$7,749,700,000
		Shares Outstanding (Diluted Average)	103,800,000





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 AutoNation Inc Valuation – November 2015 Update \$AN 22 Companies in the Spotlight This Week – 11/29/14 AutoNation Inc. Annual Valuation – 2014 \$AN

Other ModernGraham posts about related companies Superior Industries International Inc Valuation – Initial Coverage \$SUP

Canadian Tire Corp Limited Valuation – Initial Coverage \$TSE:CTC.A

<u>LKQ Corporation Valuation – Initial Coverage \$LKQ</u>

<u>Lithia Motors Inc Valuation – Initial Coverage \$LAD</u>

<u>Delphi Automotive PLC Valuation – February 2017 \$DLPH</u>

Cooper-Standard Holdings Inc Valuation – Initial Coverage \$CPS

Copart Inc Valuation - Initial Coverage \$CPRT

Standard Motor Products Inc Valuation – Initial Coverage \$SMP

Harman International Industries Inc Valuation - January 2017 \$HAR

BorgWarner Inc Valuation – December 2016 \$BWA