

# ModernGraham Valuation

Company Name:

AutoNation, Inc.

Company Ticker AN

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.*

1. 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
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	-362.61%	Fail
5. Earnings Growth	PEmg < 20	11.91	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.01	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	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
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago		Pass
	Score		

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

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

### MG Opinion

Current Price	\$44.84
% of Intrinsic Value	44.29%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>C-</b>

## Stage 3: Information for Further Research

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:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
	\$3.62		\$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	<b>Balance Sheet Information 12/1/2016</b>	
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  
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[Superior Industries International Inc Valuation – Initial Coverage \\$SUP](#)  
[Canadian Tire Corp Limited Valuation – Initial Coverage \\$TSE:CTC.A](#)  
[LKQ Corporation Valuation – Initial Coverage \\$LKQ](#)  
[Lithia Motors Inc Valuation – Initial Coverage \\$LAD](#)  
[Delphi Automotive PLC Valuation – February 2017 \\$DLPH](#)  
[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](#)