ModernGraham Valuation

Company Name:

MTSC Company Ticker Date of Analysis

MTS Systems Corporation



10/14/2015

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	\$941,007,893	Fail
2.	Sufficiently Strong Financial Condition	Current Ratio > 2	1.78	Fail
3.	Earnings Stability	Positive EPS for 10 years prior		Pass
4.	Dividend Record	Dividend Payments for 10 years prior		Pass
5.	Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	31.42%	Fail
6.	Moderate PEmg Ratio	PEmg < 20	20.31	Fail
7.	Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.74	Fail
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	1.78	Pass
2.	Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	Pass
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		Pass

Suitability

Defensive	No
Enterprising	Yes

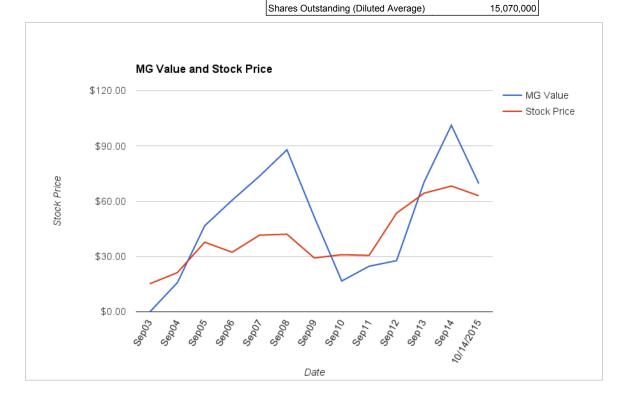
Stage 2: Determination of Intrinsic Value

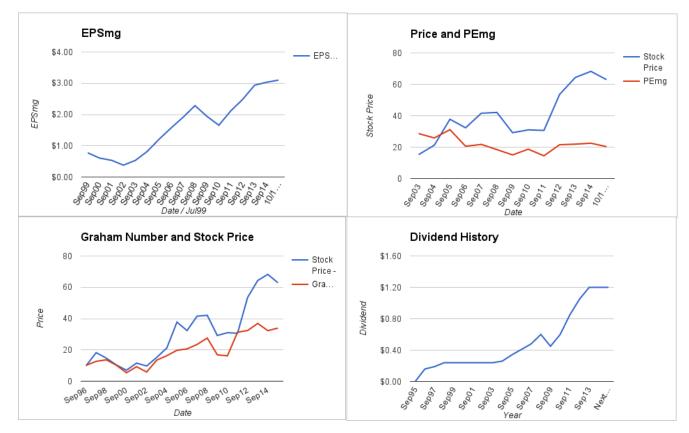
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	EPSmg		\$3.10
	MG Growth Estimate		6.98%
	MG Value		\$69.60
	MG Value based on 3% Growth		\$44.95
	MG Value based on 0% Growth		\$26.35
	Market Implied Growth Rate		5.91%
MG Opinion			
	Current Price		\$62.97
	% of Intrinsic Value		90.48%
	Opinion	Fairly Valued	
Stage 3: Info	mation for Further Research		
_	Net Current Asset Value (NCAV)		\$8.01
	Graham Number		\$33.91
	PEmg		20.31

Graham Number	\$33.91
PEmg	20.31
Current Ratio	1.78
PB Ratio	3.74
Dividend Yield	1.91%
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	\$3.00	Next Fiscal Year Estimate	\$3.10
Sep14	\$2.73	Sep14	\$3.03
Sep13	\$3.64	Sep13	\$2.94
Sep12	\$3.21	Sep12	\$2.49
Sep11	\$3.24	Sep11	\$2.12
Sep10	\$1.14	Sep10	\$1.66
Sep09	\$1.03	Sep09	\$1.94
Sep08	\$2.80	Sep08	\$2.28
Sep07	\$2.29	Sep07	\$1.91
Sep06	\$2.04	Sep06	\$1.57
Sep05	\$1.81	Sep05	\$1.21
Sep04	\$1.35	Sep04	\$0.82
Sep03	\$0.95	Sep03	\$0.53
Sep02	\$0.20	Sep02	\$0.38
Sep01	\$0.50	Sep01	\$0.53
Sep00	\$0.17	Sep00	\$0.61
Sep99	\$0.59	Sep99	\$0.77
Sep98	\$1.01	Balance Sheet Information	Jun15
Sep97	\$1.05	Total Current Assets	\$331,346,000
Sep96	\$0.74	Total Current Liabilities	\$185,993,000
Sep95	\$0.00	Long-Term Debt	\$0
		Total Assets	\$464,586,000
		Intangible Assets	\$47,451,000
		Total Liabilities	\$210,637,000
		Charge Outstanding (Diluted Average)	15 070 000





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 Oraham	The Best Stocks of the IT Hardware Industry – September 2015
ModernGraham posts about the company	The 20 Best Stocks For Value Investors This Week – 7/25/15
	MTS Systems Corporation Analysis – July 2015 Update \$MTSC
	MTS Systems Corporation Quarterly Valuation – April 2015 \$MTSC
	MTS Systems Corporation Quarterly Valuation – January 2015 \$MTSC
Other ModernGraham	Linear Technology Corp Valuation – October 2015 Update \$LLTC

posts about related companies	Altera Corporation Analysis – October 2015 Update \$ALTR	
	Lam Research Corporation Analysis – October 2015 Update \$LRCX	
	Amphenol Corporation Analysis – October 2015 Update \$APH	
	NetApp Inc. Analysis – September 2015 Update \$NTAP	
	EMC Corporation Analysis – September 2015 Update \$EMC	
	Analog Devices Inc. Analysis – September 2015 Update \$ADI	
	Garmin Limited Analysis – September 2015 Update \$GRMN	
	Texas Instruments Inc Analysis – September 2015 Update \$TXN	
	My Personal Holdings: Apple Inc. – September 2015 Update \$AAPL	