

ModernGraham Valuation

Company Name:

Company Ticker MTS
Date of Analysis 10/14/2015

MTS Systems
Corporation



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

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: Information for Further Research

Net Current Asset Value (NCAV)	\$8.01
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
		Shares 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:

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posts about the
company

[The Best Stocks of the IT Hardware Industry – September 2015](#)
[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](#)

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[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](#)
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