

ModernGraham Valuation

Company Name:

AutoNation, Inc.

Company Ticker AN

Date of Analysis

11/25/2015



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	\$7,064,087,222	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.95	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	-351.90%	Fail
5. Earnings Growth	PEmg < 20	19.17	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	3.24	Fail
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	0.95	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-7.88	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

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.37
MG Growth Estimate	15.00%
MG Value	\$129.62
MG Value based on 3% Growth	\$48.82
MG Value based on 0% Growth	\$28.62
Market Implied Growth Rate	5.33%

MG Opinion

Current Price	\$64.53
% of Intrinsic Value	49.79%
Opinion	Undervalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$20.55
Graham Number	\$43.22
PEmg	19.17
Current Ratio	0.95
PB Ratio	3.24
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	\$4.07	Next Fiscal Year Estimate	\$3.37
Dec14	\$3.52	Dec14	\$2.84
Dec13	\$3.04	Dec13	\$2.33
Dec12	\$2.52	Dec12	\$1.32
Dec11	\$1.91	Dec11	\$0.40
Dec10	\$1.43	Dec10	-\$0.35
Dec09	\$1.12	Dec09	-\$0.91
Dec08	-\$6.99	Dec08	-\$1.33
Dec07	\$1.39	Dec07	\$1.52
Dec06	\$1.38	Dec06	\$1.57
Dec05	\$1.85	Dec05	\$1.58
Dec04	\$1.59	Dec04	\$1.37
Dec03	\$1.67	Dec03	\$1.18
Dec02	\$1.19	Dec02	\$0.92
Dec01	\$0.69	Dec01	\$0.81
Dec00	\$0.91	Dec00	\$0.83
Dec99	\$0.66	Dec99	\$0.71
Dec98	\$1.06	Balance Sheet Information Sep15	
Dec97	\$1.02	Total Current Assets	\$4,251,600,000
Dec96	-\$0.02	Total Current Liabilities	\$4,473,500,000
Dec95	\$0.07	Long-Term Debt	\$1,747,800,000
		Total Assets	\$8,851,400,000
		Intangible Assets	\$1,752,900,000
		Total Liabilities	\$6,586,500,000
		Shares Outstanding (Diluted Average)	113,600,000





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.

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[AutoNation Inc. Annual Valuation – 2014 \\$AN](#)

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[Advance Auto Parts Inc. Analysis – Initial Coverage \\$AAP](#)
[General Motors Company Analysis – 2015 Update \\$GM](#)
[BorgWarner Inc. Analysis – July 2015 Update \\$BWA](#)
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