# **ModernGraham Valuation**

### **Company Name:**

AutoNation, Inc.

Modern Graham

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.

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	
5. Earnings Growth	beginning and end	-351.90% Fail
6. Moderate PEmg Ratio	PEmg < 20	19.17 Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.24 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	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

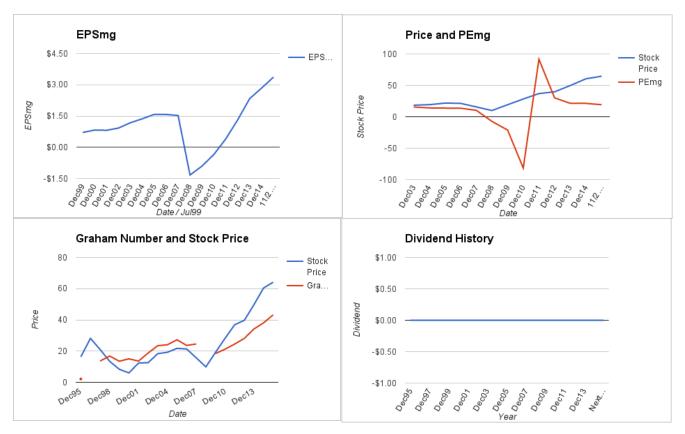
Morningstar

Useful Links: ModernGraham tagged articles

Google FinanceMSN MoneyYahoo FinanceSeeking AlphaGuruFocusSEC 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	3,500,000
Dec95	\$0.07	Long-Term Debt	\$1,747	,800,000
		Total Assets	\$8,85	,400,000
		Intangible Assets	\$1,752	2,900,000
		Total Liabilities	\$6,586	5,500,000
		Shares Outstanding (Diluted Average)	113	3.600.000





#### 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.

#### **Recommended Reading:**

Other ModernGraham posts about the company 22 Companies in the Spotlight This Week – 11/29/14
AutoNation Inc. Annual Valuation – 2014 \$AN

Other ModernGraham posts about related companies BorgWarner Inc. Valuation – November 2015 Update \$BWA
The Best Companies of the Auto Industry – October 2015

Harley-Davidson Inc. Analysis - October 2015 Update \$HOG

Harman International Industries Analysis – September 2015 Update \$HAR

Genuine Parts Company Analysis – September 2015 Update \$GPC

Ford Motor Company Analysis – August 2015 Update \$F

Advance Auto Parts Inc. Analysis - Initial Coverage \$AAP

General Motors Company Analysis - 2015 Update \$GM

BorgWarner Inc. Analysis – July 2015 Update \$BWA

Paccar Inc. Analysis – July 2015 Update \$PCAR