ModernGraham Valuation

Company Name:

BorgWarner Inc.

Modern Graham

Company Ticker
Date of Analysis

11/3/2015

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.

BWA

Adequate Size of the Enterprise	Market Cap > \$2Bil	\$9,652,131,221 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.14 Pass
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	322.17% Pass
6. Moderate PEmg Ratio	PEmg < 20	16.01 Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.60 Pass

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

Sufficiently Strong Financial Condition	Current Ratio > 1.5	2.14 Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.98 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	\$2.67
MG Growth Estimate	15.00%
MG Value	\$102.78
MG Value based on 3% Growth	\$38.71
MG Value based on 0% Growth	\$22.69
Market Implied Growth Rate	3.75%

MG Opinion

Current Price \$42.74
% of Intrinsic Value 41.58%

Opinion Undervalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$2.96
Graham Number	\$32.43
PEmg	16.01
Current Ratio	2.14
PB Ratio	2.60
Dividend Yield	1.22%
Number of Consecutive Years of Dividend Growth	3

Morningstar

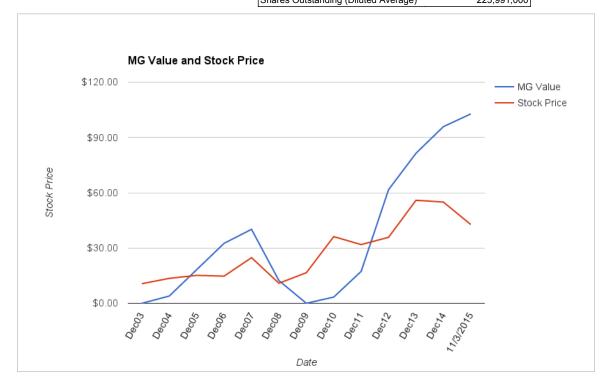
Useful Links: ModernGraham tagged articles

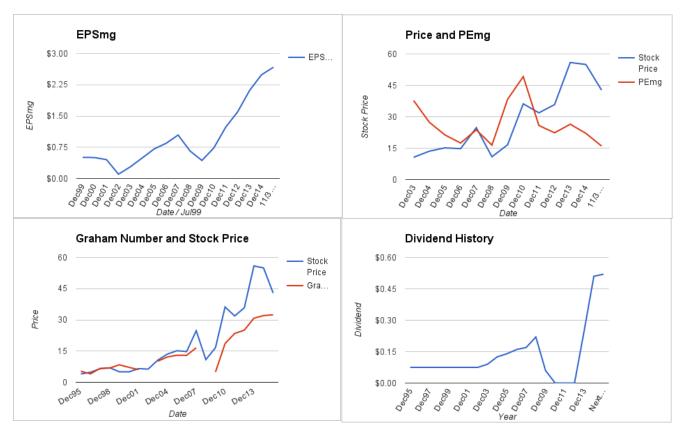
 Google Finance
 MSN Money

 Yahoo Finance
 Seeking Alpha

 GuruFocus
 SEC Filings

EPS History		EPSmg History		
Next Fiscal Year Estimate	\$2.82	Next Fiscal Year Estimate		\$2.67
Dec14	\$2.86	Dec14		\$2.49
Dec13	\$2.70	Dec13		\$2.11
Dec12	\$2.09	Dec12		\$1.60
Dec11	\$2.23	Dec11		\$1.24
Dec10	\$1.54	Dec10		\$0.74
Dec09	\$0.12	Dec09		\$0.43
Dec08	-\$0.16	Dec08		\$0.66
Dec07	\$1.23	Dec07		\$1.04
Dec06	\$0.92	Dec06		\$0.85
Dec05	\$1.04	Dec05		\$0.71
Dec04	\$0.97	Dec04		\$0.49
Dec03	\$0.80	Dec03		\$0.28
Dec02	-\$0.56	Dec02		\$0.10
Dec01	\$0.31	Dec01		\$0.45
Dec00	\$0.44	Dec00		\$0.50
Dec99	\$0.63	Dec99		\$0.51
Dec98	\$0.50	Balance Sheet Information	Sep15	
Dec97	\$0.54	Total Current Assets	\$3,301,00	00,000
Dec96	\$0.22	Total Current Liabilities	\$1,539,80	00,000
Dec95	\$0.39	Long-Term Debt	\$1,734,50	00,000
		Total Assets	\$7,687,10	00,000
		Intangible Assets	\$1,183,70	00,000
		Total Liabilities	\$3,970,10	000,000
		Shares Outstanding (Diluted Average)	225,99	91,000





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 The Best Companies of the Auto Industry – October 2015

5 Undervalued Companies for Enterprising Investors Near 52 Week Lows – August

2013

 $\underline{ \ \ \, \text{The 16 Best Stocks For Value Investors This Week-8/1/15}}$

 $\underline{\mathsf{BorgWarner\ Inc.\ Analysis-July\ 2015\ Update\ \$\mathsf{BWA}}}$

BorgWarner Inc. Quarterly Valuation - April 2015 \$BWA

Other ModernGraham posts about related companies

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

Harley Davidson Analysis – June 2015 Update \$HOG