

ModernGraham Valuation

Company Name:

AutoZone, Inc.

Company Ticker AZO

Date of Analysis

6/10/2016



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	\$22,502,986,801	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.91	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	256.80%	Pass
6. Moderate PEmg Ratio	PEmg < 20	21.74	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	-12.31	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	0.91	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-11.74	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	\$34.70
MG Growth Estimate	13.52%
MG Value	\$1,233.34
MG Value based on 3% Growth	\$503.09
MG Value based on 0% Growth	\$294.92
Market Implied Growth Rate	6.62%

MG Opinion

Current Price	\$754.15
% of Intrinsic Value	61.15%
Opinion	Undervalued
MG Grade	D+

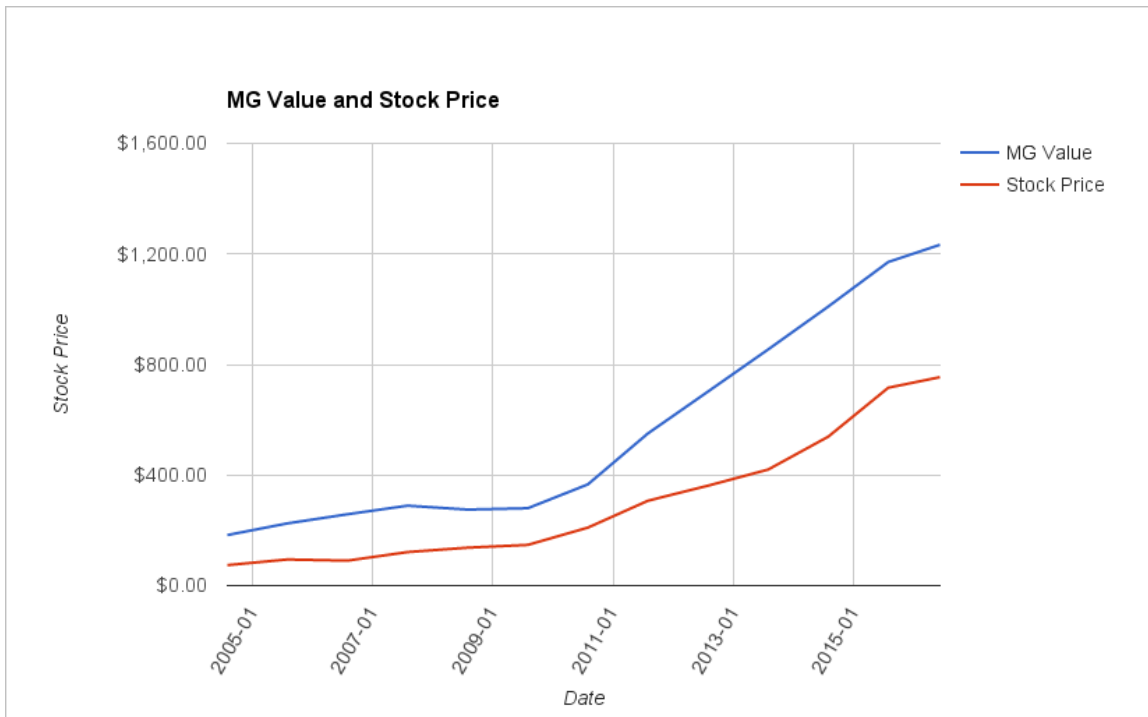
Stage 3: Information for Further Research

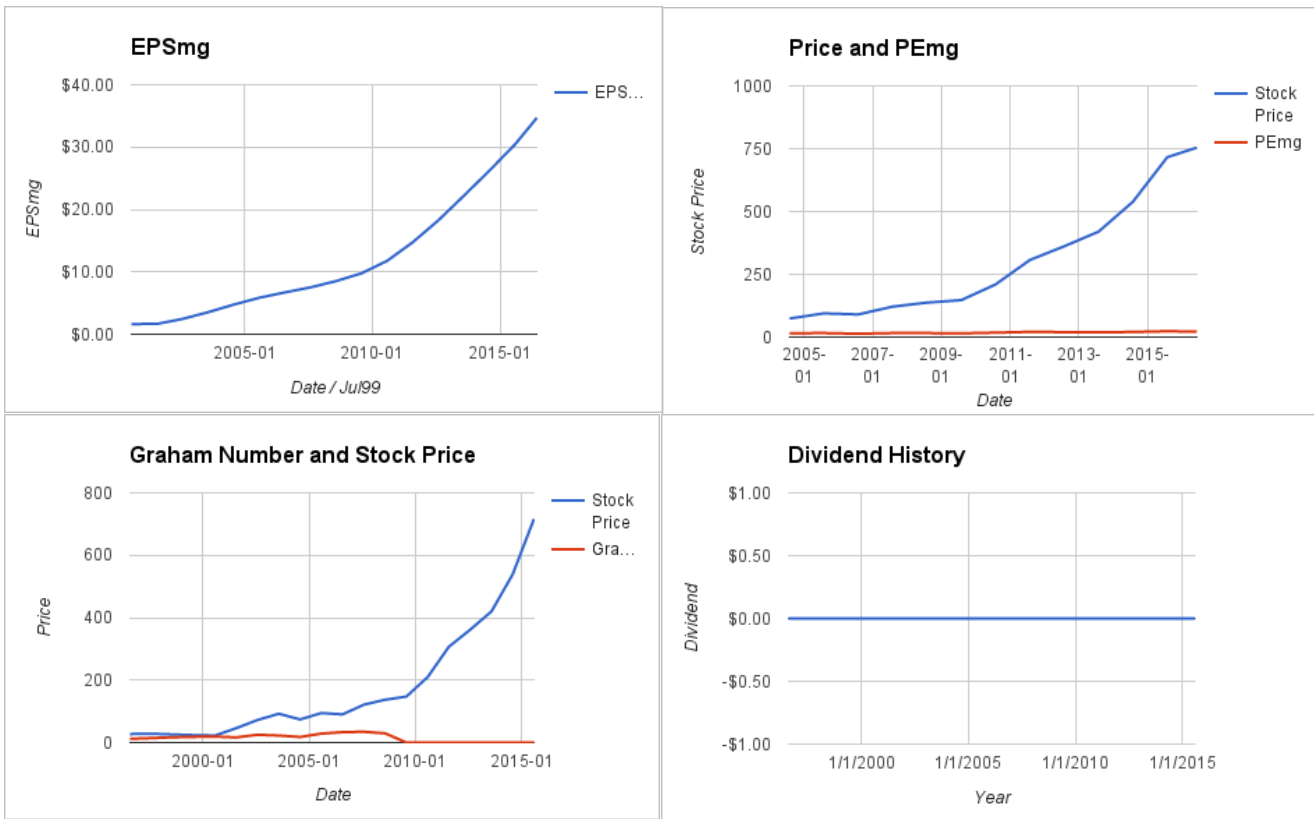
Net Current Asset Value (NCAV)	-\$200.69
Graham Number	\$0.00
PEmg	21.74
Current Ratio	0.91
PB Ratio	-12.31
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$40.51	Next Fiscal Year Estimate	\$34.70
2015-08	\$36.03	2015-08	\$30.42
2014-08	\$31.57	2014-08	\$26.22
2013-08	\$27.79	2013-08	\$22.20
2012-08	\$23.48	2012-08	\$18.25
2011-08	\$19.47	2011-08	\$14.74
2010-08	\$14.97	2010-08	\$11.76
2009-08	\$11.73	2009-08	\$9.77
2008-08	\$10.04	2008-08	\$8.52
2007-08	\$8.53	2007-08	\$7.51
2006-08	\$7.50	2006-08	\$6.71
2005-08	\$7.18	2005-08	\$5.85
2004-08	\$6.56	2004-08	\$4.75
2003-08	\$5.34	2003-08	\$3.53
2002-08	\$4.00	2002-08	\$2.46
2001-08	\$1.54	2001-08	\$1.66
2000-08	\$2.00	2000-08	\$1.64
1999-08	\$1.63	Balance Sheet Information 5/1/2016	
1998-08	\$1.48	Total Current Assets	\$4,225,486,000
1997-08	\$1.28	Total Current Liabilities	\$4,647,589,000
1996-08	\$1.11	Long-term Debt	\$4,953,697,000
		Total Assets	\$8,464,105,000
		Intangible Assets	\$0
		Total Liabilities	\$10,327,387,000
		Shares Outstanding (Diluted Average)	30,405,000





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

[AutoZone Inc. Annual Valuation – 2015 \\$AZO](#)

Other ModernGraham posts about related companies

- [BorgWarner Inc Valuation – February 2016 Update \\$BWA](#)
- [Genuine Parts Co Valuation – January 2016 Update \\$GPC](#)
- [Ford Motor Company Valuation – January 2016 Update \\$F](#)
- [Genuine Parts Co Valuation – January 2016 Update \\$GPC](#)
- [Ford Motor Company Valuation – January 2016 Update \\$F](#)
- [Harley-Davidson Inc Valuation – January 2016 Update \\$HOG](#)
- [AutoNation Inc Valuation – November 2015 Update \\$AN](#)
- [BorgWarner Inc. Valuation – November 2015 Update \\$BWA](#)
- [The Best Companies of the Auto Industry – October 2015](#)
- [Harley-Davidson Inc. Analysis – October 2015 Update \\$HOG](#)