ModernGraham Valuation

Company Name: MTS Systems Corporation

Company Ticker MTSC

Date of Analysis 7/30/2016

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	$778,729,602	Fail
2.	Sufficiently Strong Financial Condition	Current Ratio > 2	1.67	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	32.19%	Fail
6.	Moderate PEmg Ratio	PEmg < 20	16.75	Pass
7.	Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.79	Pass

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	1.67	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		$2.83
MG Growth Estimate		2.09%
MG Value		**$35.90**
MG Value based on 3% Growth		$41.06
MG Value based on 0% Growth		$24.07
Market Implied Growth Rate		4.12%

MG Opinion

Current Price		$47.43
% of Intrinsic Value		132.13%
Opinion	**Overvalued**	
MG Grade	**C+**	

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	$7.81
Graham Number	$30.12
PEmg	16.75
Current Ratio	1.67
PB Ratio	2.79
Current Dividend	$1.20
Dividend Yield	2.53%
Number of Consecutive Years of Dividend Growth	0

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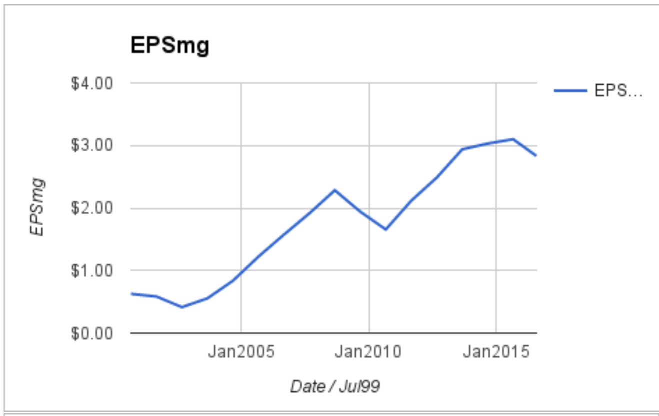
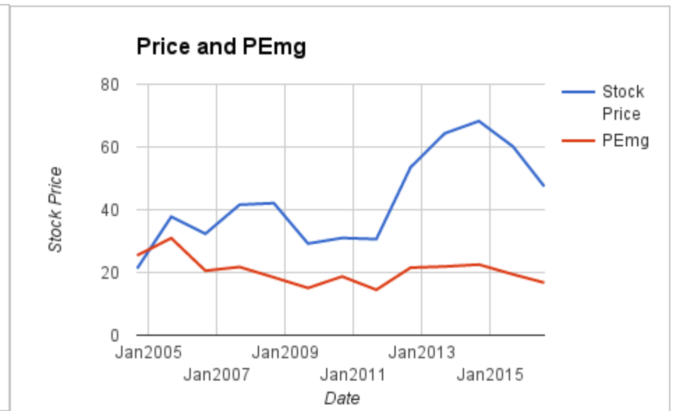
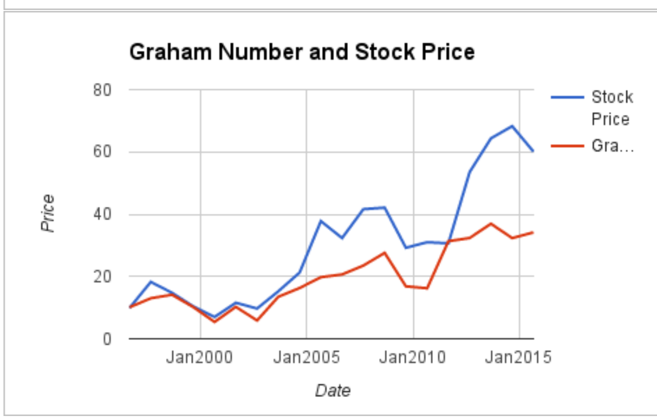
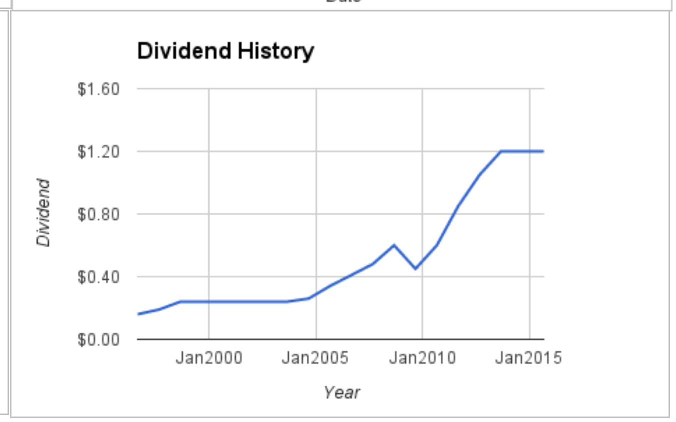
	GuruFocus	SEC Filings

EPS History			EPSmg History		
Next Fiscal Year Estimate		$2.36	Next Fiscal Year Estimate		$2.83
	Sep2015	$3.00		Sep2015	$3.10
	Sep2014	$2.73		Sep2014	$3.03
	Sep2013	$3.64		Sep2013	$2.94
	Sep2012	$3.21		Sep2012	$2.49
	Sep2011	$3.24		Sep2011	$2.12
	Sep2010	$1.14		Sep2010	$1.66
	Sep2009	$1.03		Sep2009	$1.94
	Sep2008	$2.80		Sep2008	$2.28
	Sep2007	$2.29		Sep2007	$1.91
	Sep2006	$2.04		Sep2006	$1.57
	Sep2005	$1.81		Sep2005	$1.22
	Sep2004	$1.35		Sep2004	$0.84
	Sep2003	$0.95		Sep2003	$0.55
	Sep2002	$0.20		Sep2002	$0.41
	Sep2001	$0.61		Sep2001	$0.58
	Sep2000	$0.17		Sep2000	$0.63
	Sep1999	$0.59	**Balance Sheet Information**		**3/1/2016**
	Sep1998	$1.08	Total Current Assets		$362,235,000
	Sep1997	$1.10	Total Current Liabilities		$216,873,000
	Sep1996	$0.74	Long-Term Debt		$0
			Total Assets		$498,378,000
			Intangible Assets		$47,500,000
			Total Liabilities		$246,177,000
			Shares Outstanding (Diluted Average)		14,851,000









Disclaimer:

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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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