

# ModernGraham Valuation

## Company Name:

Company Ticker ORLY  
Date of Analysis

O'Reilly Automotive  
Inc

7/24/2016



## 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	\$26,683,131,284	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.12	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
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	401.12%	Pass
5. Earnings Growth	PEmg < 20	32.17	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	13.92	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	1.12	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	4.89	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

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$8.52
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$327.92</b>
MG Value based on 3% Growth	\$123.50
MG Value based on 0% Growth	\$72.40
Market Implied Growth Rate	11.83%

### MG Opinion

Current Price	\$273.97
% of Intrinsic Value	83.55%
<b>Opinion</b>	<b>Fairly Valued</b>
<b>MG Grade</b>	<b>D</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$18.05
Graham Number	\$68.67
PEmg	32.17
Current Ratio	1.12
PB Ratio	13.92
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$10.45	Next Fiscal Year Estimate	\$8.52
Dec2015	\$9.17	Dec2015	\$7.10
Dec2014	\$7.34	Dec2014	\$5.70
Dec2013	\$6.03	Dec2013	\$4.56
Dec2012	\$4.75	Dec2012	\$3.56
Dec2011	\$3.71	Dec2011	\$2.78
Dec2010	\$2.95	Dec2010	\$2.20
Dec2009	\$2.23	Dec2009	\$1.78
Dec2008	\$1.48	Dec2008	\$1.53
Dec2007	\$1.67	Dec2007	\$1.49
Dec2006	\$1.55	Dec2006	\$1.33
Dec2005	\$1.45	Dec2005	\$1.15
Dec2004	\$1.26	Dec2004	\$0.93
Dec2003	\$0.92	Dec2003	\$0.73
Dec2002	\$0.77	Dec2002	\$0.61
Dec2001	\$0.63	Dec2001	\$0.50
Dec2000	\$0.50	Dec2000	\$0.41
Dec1999	\$0.46	<b>Balance Sheet Information 3/1/2016</b>	
Dec1998	\$0.36	Total Current Assets	\$3,701,463,000
Dec1997	\$0.27	Total Current Liabilities	\$3,315,677,000
Dec1996	\$0.23	Long-Term Debt	\$1,885,877,000
		Total Assets	\$7,419,773,000
		Intangible Assets	\$757,130,000
		Total Liabilities	\$5,479,932,000
		Shares Outstanding (Diluted Average)	98,537,000





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:

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