

ModernGraham Valuation

Company Name:

BorgWarner Inc.

Company Ticker BWA

Date of Analysis

12/8/2016



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	\$9,419,056,713	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.35	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	597.05%	Pass
6. Moderate PEmg Ratio	PEmg < 20	15.47	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.40	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	1.35	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.48	Fail
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	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.69
MG Growth Estimate	10.22%
MG Value	\$77.89
MG Value based on 3% Growth	\$39.02
MG Value based on 0% Growth	\$22.88
Market Implied Growth Rate	3.48%

MG Opinion

Current Price	\$41.63
% of Intrinsic Value	53.45%
Opinion	Undervalued
MG Grade	C-

Stage 3: Information for Further Research

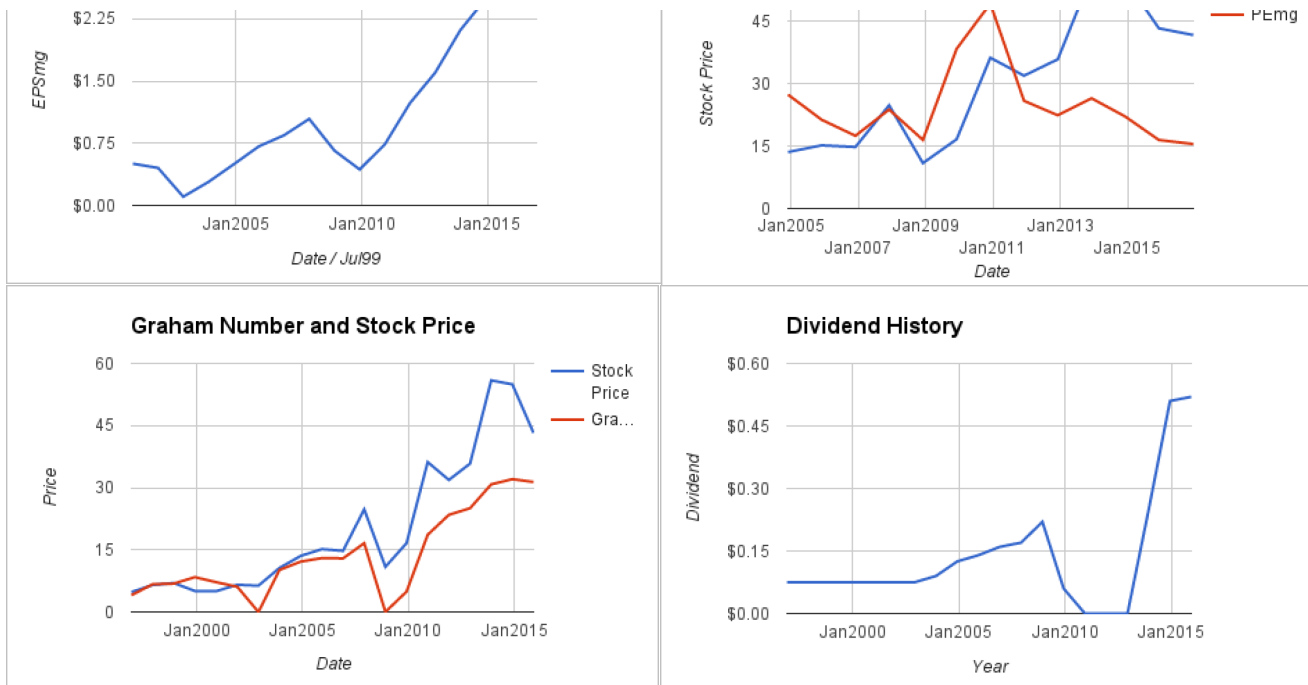
Net Current Asset Value (NCAV)	-\$9.39
Graham Number	\$32.53
PEmg	15.47
Current Ratio	1.35
PB Ratio	2.40
Current Dividend	\$0.13
Dividend Yield	0.31%
Number of Consecutive Years of Dividend Growth	0

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	\$2.69
Dec2015	\$2.70	Dec2015	\$2.63
Dec2014	\$2.86	Dec2014	\$2.49
Dec2013	\$2.70	Dec2013	\$2.11
Dec2012	\$2.09	Dec2012	\$1.60
Dec2011	\$2.22	Dec2011	\$1.23
Dec2010	\$1.54	Dec2010	\$0.74
Dec2009	\$0.12	Dec2009	\$0.43
Dec2008	-\$0.16	Dec2008	\$0.66
Dec2007	\$1.23	Dec2007	\$1.04
Dec2006	\$0.92	Dec2006	\$0.85
Dec2005	\$1.04	Dec2005	\$0.71
Dec2004	\$0.97	Dec2004	\$0.50
Dec2003	\$0.80	Dec2003	\$0.28
Dec2002	-\$0.56	Dec2002	\$0.11
Dec2001	\$0.31	Dec2001	\$0.45
Dec2000	\$0.44	Dec2000	\$0.50
Dec1999	\$0.63	Balance Sheet Information 9/1/2016	
Dec1998	\$0.50	Total Current Assets	\$3,289,200,000
Dec1997	\$0.54	Total Current Liabilities	\$2,445,100,000
Dec1996	\$0.22	Long-Term Debt	\$2,089,900,000
		Total Assets	\$9,007,300,000
		Intangible Assets	\$2,224,900,000
		Total Liabilities	\$5,297,400,000
		Shares Outstanding (Diluted Average)	213,766,000





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

- [5 Companies for Enterprising Investors Near 52 Week Lows – June 2016](#)
- [10 Companies Benjamin Graham Would Invest In Today – June 2016](#)
- [26 Best Stocks For Value Investors This Week – 2/6/16](#)
- [BorgWarner Inc Valuation – February 2016 Update \\$BWA](#)
- [12 Best Stocks For Value Investors This Week – 11/7/15](#)

Other ModernGraham posts about related companies

- [Ford Motor Company Valuation – November 2016 \\$F](#)
- [CarMax Inc Valuation – November 2016 \\$KMX](#)
- [Advance Auto Parts Inc Valuation – November 2016 \\$AAP](#)
- [General Motors Company Valuation – November 2016 \\$GM](#)
- [Delphi Automotive PLC Valuation – August 2016 \\$DLP](#)
- [CarMax Inc Valuation – August 2016 \\$KMX](#)
- [BorgWarner Inc Valuation – August 2016 \\$BWA](#)
- [Ford Motor Company Valuation – August 2016 \\$F](#)
- [O'Reilly Automotive Inc Valuation – July 2016 \\$ORLY](#)
- [Genuine Parts Co Valuation – July 2016 \\$GPC](#)