

ModernGraham Valuation

Company Name:

Lithia Motors Inc

Company Ticker LAD

Date of Analysis

2/27/2017



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	\$2,511,741,601	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.17	Fail
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 beginning and end	-277.17%	Fail
5. Earnings Growth	PEmg < 20	16.14	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.88	Pass
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	1.17	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.44	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
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$6.10
MG Growth Estimate	15.00%
MG Value	\$234.95
MG Value based on 3% Growth	\$88.49
MG Value based on 0% Growth	\$51.87
Market Implied Growth Rate	3.82%

MG Opinion

Current Price	\$98.52
% of Intrinsic Value	41.93%
Opinion	Undervalued
MG Grade	C-

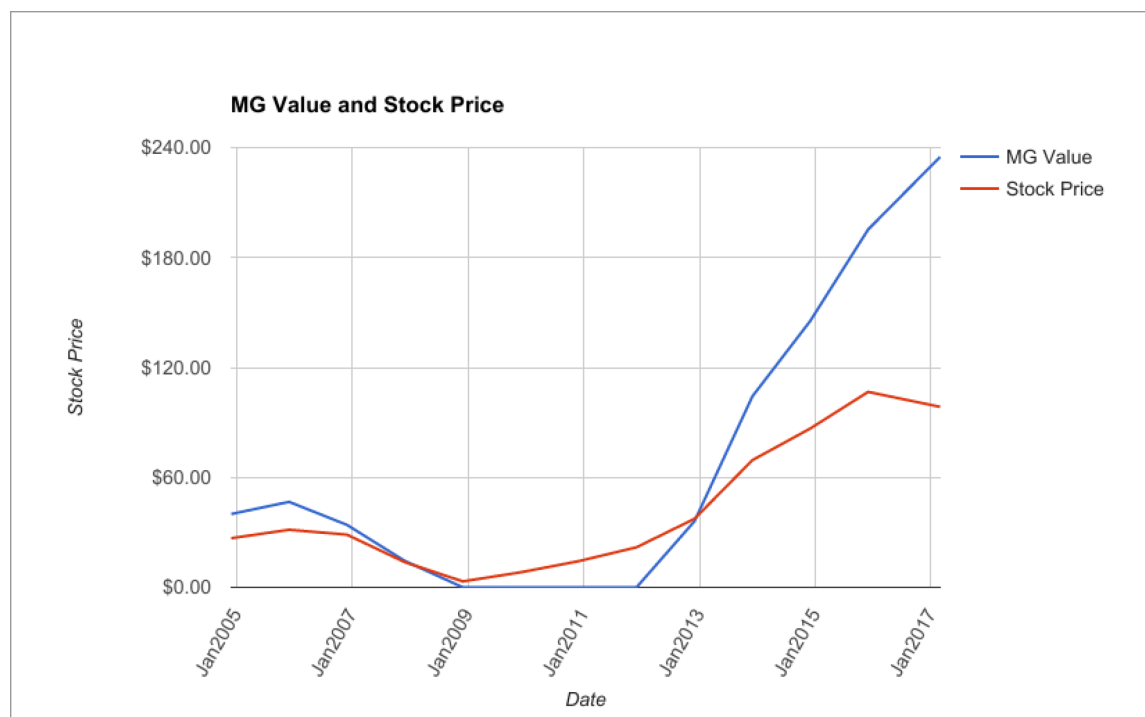
Stage 3: Information for Further Research

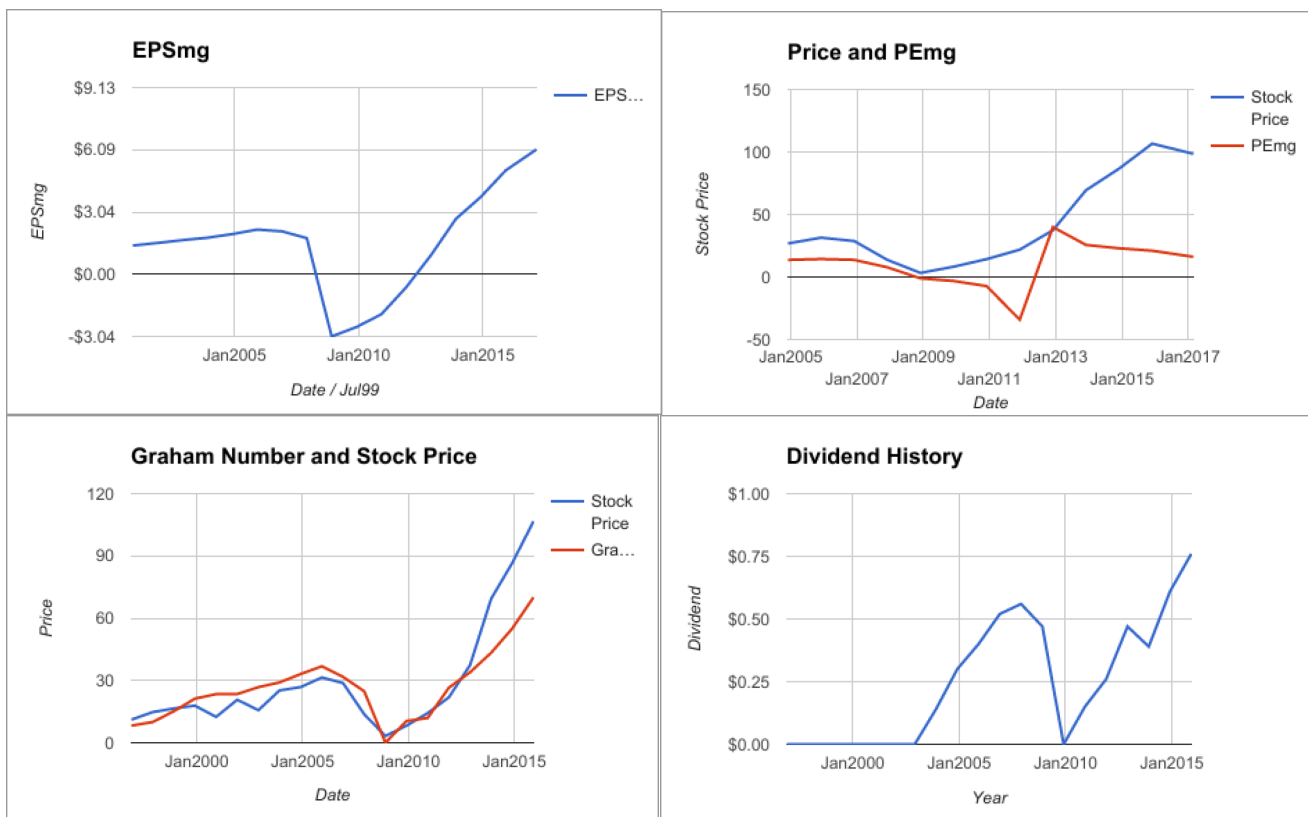
Net Current Asset Value (NCAV)	-\$26.29
Graham Number	\$75.64
PEmg	16.14
Current Ratio	1.17
PB Ratio	2.88
Current Dividend	\$0.90
Dividend Yield	0.91%
Number of Consecutive Years of Dividend Growth	3

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	
	\$7.39		\$6.10
Dec2015	\$6.91	Dec2015	\$5.07
Dec2014	\$5.26	Dec2014	\$3.78
Dec2013	\$4.05	Dec2013	\$2.71
Dec2012	\$3.07	Dec2012	\$0.94
Dec2011	\$2.21	Dec2011	-\$0.64
Dec2010	\$0.52	Dec2010	-\$1.96
Dec2009	\$0.41	Dec2009	-\$2.58
Dec2008	-\$12.51	Dec2008	-\$3.04
Dec2007	\$1.06	Dec2007	\$1.76
Dec2006	\$1.77	Dec2006	\$2.10
Dec2005	\$2.54	Dec2005	\$2.18
Dec2004	\$2.27	Dec2004	\$1.96
Dec2003	\$1.93	Dec2003	\$1.78
Dec2002	\$1.80	Dec2002	\$1.67
Dec2001	\$1.60	Dec2001	\$1.53
Dec2000	\$1.76	Dec2000	\$1.40
Dec1999	\$1.60	Balance Sheet Information 9/1/2016	
Dec1998	\$1.14	Total Current Assets	\$2,032,698,000
Dec1997	\$0.82	Total Current Liabilities	\$1,735,179,000
Dec1996	\$0.81	Long-Term Debt	\$727,191,000
		Total Assets	\$3,563,606,000
		Intangible Assets	\$382,241,000
		Total Liabilities	\$2,697,516,000
		Shares Outstanding (Diluted Average)	25,290,000





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

#N/A

Other
ModernGraham
posts about related
companies

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[Copart Inc Valuation – Initial Coverage \\$CPRT](#)
[Standard Motor Products Inc Valuation – Initial Coverage \\$SMP](#)
[Harman International Industries Inc Valuation – January 2017 \\$HAR](#)
[BorgWarner Inc Valuation – December 2016 \\$BWA](#)
[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 \\$DLPH](#)