

ModernGraham Valuation

Company Name:

Cavco Industries, Inc.

Company Ticker CVCO

Date of Analysis

3/18/2017



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	\$1,072,563,103	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.86	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	141.02%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	25.19	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.33	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	0.86	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-5.58	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	\$4.63
MG Growth Estimate	9.36%
MG Value	\$126.20
MG Value based on 3% Growth	\$67.20
MG Value based on 0% Growth	\$39.39
Market Implied Growth Rate	8.35%

MG Opinion

Current Price	\$116.75
% of Intrinsic Value	92.51%
Opinion	Fairly Valued
MG Grade	D+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$19.78
Graham Number	\$49.30
PEmg	25.19
Current Ratio	0.86
PB Ratio	4.33
Current Dividend	\$1.49
Dividend Yield	1.28%
Number of Consecutive Years of Dividend Growth	1

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	\$4.00	Next Fiscal Year Estimate	\$4.63
Sep2016	\$5.73	Sep2016	\$4.73
Sep2015	\$4.90	Sep2015	\$4.03
Sep2014	\$4.26	Sep2014	\$3.42
Sep2013	\$3.38	Sep2013	\$2.85
Sep2012	\$3.13	Sep2012	\$2.51
Sep2011	\$2.52	Sep2011	\$2.19
Sep2010	\$2.03	Sep2010	\$2.01
Sep2009	\$1.76	Sep2009	\$1.94
Sep2008	\$2.28	Sep2008	\$1.92
Sep2007	\$2.25	Sep2007	\$1.61
Sep2006	\$1.64	Sep2006	\$1.20
Sep2005	\$1.19	Sep2005	\$0.88
Sep2004	\$1.07	Sep2004	\$0.67
Sep2003	\$0.59	Sep2003	\$0.47
Sep2002	\$0.61	Sep2002	\$0.45
Sep2001	-\$0.02	Sep2001	\$0.45
Sep2000	\$0.57	Balance Sheet Information 12/1/2016	
Sep1999	\$0.62	Total Current Assets	\$16,665,000,000
Sep1998	\$0.89	Total Current Liabilities	\$19,317,000,000
Sep1997	\$0.95	Long-Term Debt	\$14,792,000,000
		Total Assets	\$91,576,000,000
		Intangible Assets	\$34,685,000,000
		Total Liabilities	\$48,366,000,000
		Shares Outstanding (Diluted Average)	1,603,000,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author held a long position in CVCO 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
- [Quanta Services Inc Valuation – August 2016 \\$PWR](#)
 - [Jacobs Engineering Group Inc Valuation – August 2016 \\$JEC](#)
 - [PPG Industries Inc Valuation – August 2016 \\$PPG](#)
 - [D.R. Horton Inc Valuation – August 2016 \\$DHI](#)
 - [Martin Marietta Materials Inc Valuation – August 2016 \\$MLM](#)
 - [Fluor Corporation Valuation – August 2016 \\$FLR](#)
 - [Vulcan Materials Co Valuation – July 2016 \\$VMC](#)
 - [PulteGroup Inc Valuation – July 2016 \\$PHM](#)
 - [Sherwin-Williams Co Valuation – July 2016 \\$SHW](#)
 - [Cummins Inc Valuation – July 2016 \\$CMI](#)