

ModernGraham Valuation

Company Name:

LGI Homes Inc

Company Ticker LGIH

Date of Analysis

3/11/2017



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	\$687,502,888	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	13.55	Pass
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		
5. Earnings Growth		31000.00%	Pass
6. Moderate PEmg Ratio	PEmg < 20	11.70	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.00	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	13.55	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.54	Pass
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
	Score		

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.76
MG Growth Estimate	15.00%
MG Value	\$106.16
MG Value based on 3% Growth	\$39.98
MG Value based on 0% Growth	\$23.44
Market Implied Growth Rate	1.60%

MG Opinion

Current Price	\$32.25
% of Intrinsic Value	30.38%
Opinion	Undervalued
MG Grade	B+

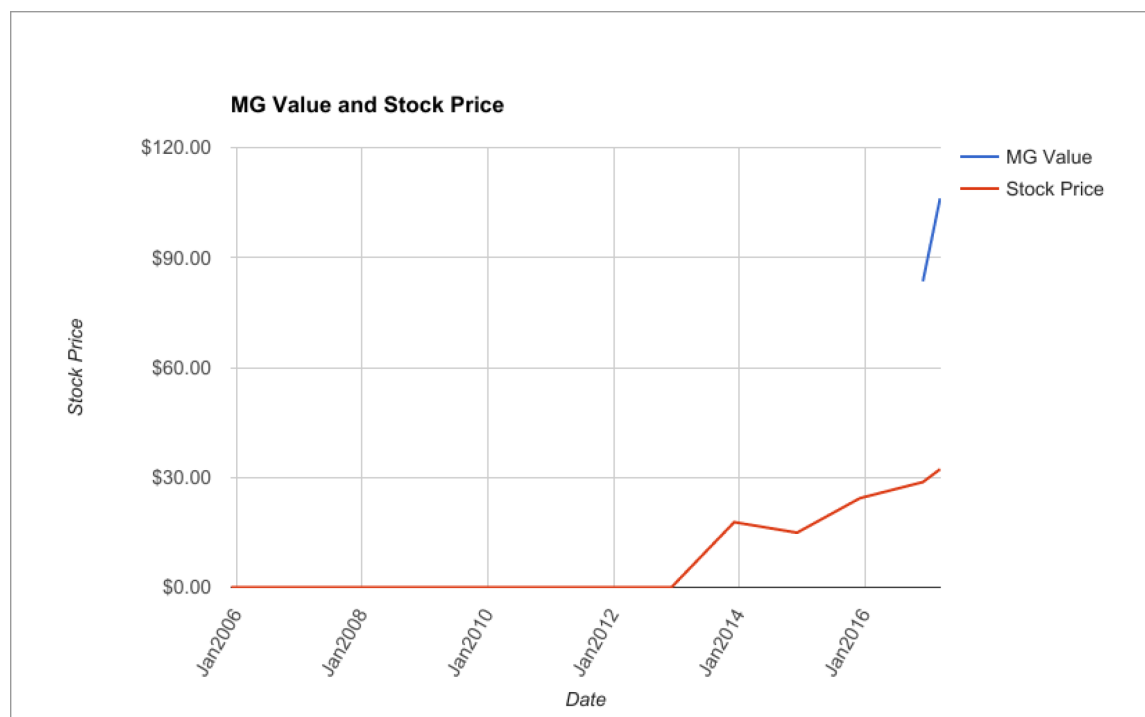
Stage 3: Information for Further Research

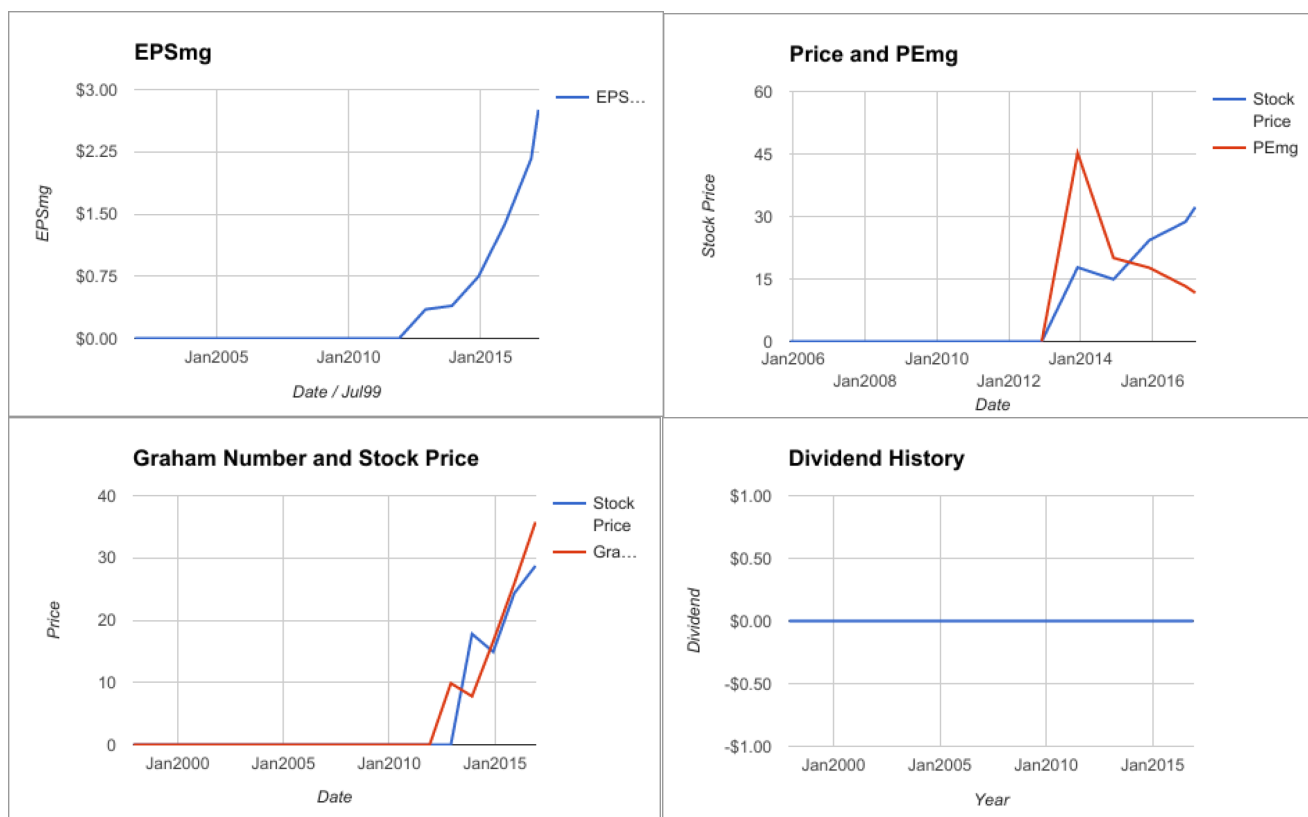
Net Current Asset Value (NCAV)	\$15.24
Graham Number	\$36.13
PEmg	11.70
Current Ratio	13.55
PB Ratio	2.00
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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	
	\$3.48		\$2.76
Dec2016	\$3.41	Dec2016	\$2.17
Dec2015	\$2.44	Dec2015	\$1.38
Dec2014	\$1.33	Dec2014	\$0.74
Dec2013	\$0.34	Dec2013	\$0.39
Dec2012	\$1.05	Dec2012	\$0.35
Dec2011	\$0.00	Dec2011	\$0.00
Dec2010	\$0.00	Dec2010	\$0.00
Dec2009	\$0.00	Dec2009	\$0.00
Dec2008	\$0.00	Dec2008	\$0.00
Dec2007	\$0.00	Dec2007	\$0.00
Dec2006	\$0.00	Dec2006	\$0.00
Dec2005	\$0.00	Dec2005	\$0.00
Dec2004	\$0.00	Dec2004	\$0.00
Dec2003	\$0.00	Dec2003	\$0.00
Dec2002	\$0.00	Dec2002	\$0.00
Dec2001	\$0.00	Dec2001	\$0.00
Dec2000	\$0.00	Balance Sheet Information 12/1/2016	
Dec1999	\$0.00	Total Current Assets	\$794,905,000
Dec1998	\$0.00	Total Current Liabilities	\$58,666,000
Dec1997	\$0.00	Long-Term Debt	\$400,483,000
		Total Assets	\$814,514,000
		Intangible Assets	\$12,018,000
		Total Liabilities	\$459,313,000
		Shares Outstanding (Diluted Average)	22,024,000





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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[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](#)