

ModernGraham Valuation

Company Name:

LKQ Corporation

Company Ticker LKQ

Date of Analysis

3/2/2017



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	\$9,970,553,068	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.95	Pass
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	239.13%	Pass
5. Earnings Growth	PEmg < 20	21.01	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.86	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	2.95	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.39	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
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.51
MG Growth Estimate	12.60%
MG Value	\$50.91
MG Value based on 3% Growth	\$21.90
MG Value based on 0% Growth	\$12.84
Market Implied Growth Rate	6.26%

MG Opinion

Current Price	\$31.74
% of Intrinsic Value	62.34%
Opinion	Undervalued
MG Grade	D+

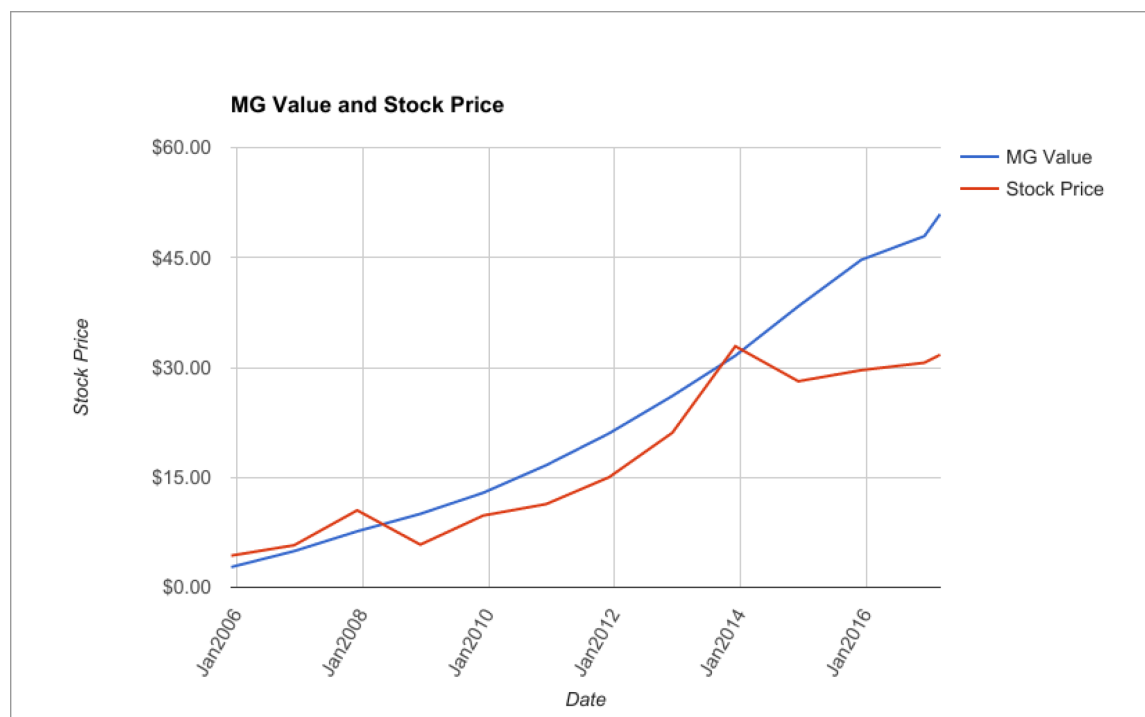
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$4.17
Graham Number	\$21.29
PEmg	21.01
Current Ratio	2.95
PB Ratio	2.86
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	
	\$1.80		\$1.51
Dec2016	\$1.50	Dec2016	\$1.31
Dec2015	\$1.38	Dec2015	\$1.16
Dec2014	\$1.25	Dec2014	\$1.00
Dec2013	\$1.02	Dec2013	\$0.82
Dec2012	\$0.87	Dec2012	\$0.68
Dec2011	\$0.71	Dec2011	\$0.55
Dec2010	\$0.58	Dec2010	\$0.43
Dec2009	\$0.45	Dec2009	\$0.34
Dec2008	\$0.36	Dec2008	\$0.26
Dec2007	\$0.28	Dec2007	\$0.20
Dec2006	\$0.20	Dec2006	\$0.13
Dec2005	\$0.16	Dec2005	\$0.07
Dec2004	\$0.12	Dec2004	\$0.02
Dec2003	\$0.10	Dec2003	-\$0.03
Dec2002	-\$0.25	Dec2002	-\$0.08
Dec2001	\$0.03	Dec2001	\$0.01
Dec2000	-\$0.01	Balance Sheet Information 12/1/2016	
Dec1999	\$0.00	Total Current Assets	\$3,567,594,000
Dec1998	\$0.00	Total Current Liabilities	\$1,210,785,000
Dec1997	\$0.00	Long-Term Debt	\$3,275,662,000
		Total Assets	\$8,303,199,000
		Intangible Assets	\$3,639,000,000
		Total Liabilities	\$4,860,250,000
		Shares Outstanding (Diluted Average)	309,784,000





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

[Delphi Automotive PLC Valuation – February 2017 \\$DLPH](#)
[Cooper-Standard Holdings Inc Valuation – Initial Coverage \\$CPS](#)
[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](#)