

ModernGraham Valuation

Company Name:

Linamar Corporation

Company Ticker TSE:LNR

Date of Analysis

3/26/2017



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	\$3,930,918,802	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.69	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	1200.58%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	8.70	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.53	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	1.69	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.40	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	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$6.93
MG Growth Estimate	15.00%
MG Value	\$266.91
MG Value based on 3% Growth	\$100.52
MG Value based on 0% Growth	\$58.93
Market Implied Growth Rate	0.10%

MG Opinion

Current Price	\$60.31
% of Intrinsic Value	22.60%
Opinion	Undervalued
MG Grade	B+

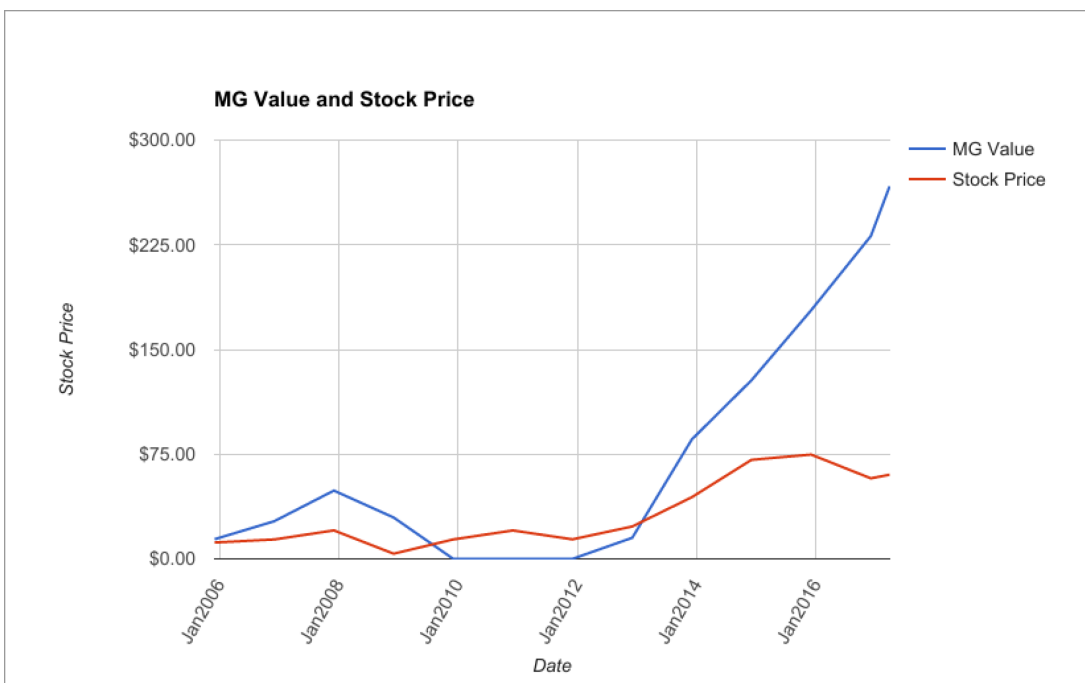
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$7.49
Graham Number	\$83.15
PEmg	8.70
Current Ratio	1.69
PB Ratio	1.53
Current Dividend	\$0.40
Dividend Yield	0.66%
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	
Dec2016	\$7.82	Dec2016	\$6.93
Dec2015	\$7.92	Dec2015	\$6.01
Dec2014	\$6.63	Dec2014	\$4.62
Dec2013	\$4.90	Dec2013	\$3.32
Dec2012	\$3.52	Dec2012	\$2.22
Dec2011	\$2.25	Dec2011	\$1.42
Dec2010	\$1.56	Dec2010	\$0.99
Dec2009	\$1.40	Dec2009	\$0.78
Dec2008	-\$0.73	Dec2008	\$0.63
Dec2007	\$1.05	Dec2007	\$1.32
Dec2006	\$1.57	Dec2006	\$1.39
Dec2005	\$1.40	Dec2005	\$1.23
Dec2004	\$1.41	Dec2004	\$1.08
Dec2003	\$1.31	Dec2003	\$0.91
Dec2002	\$0.57	Dec2002	\$0.74
Dec2001	\$0.81	Dec2001	\$0.85
Dec2000	\$0.60	Dec2000	\$0.94
Dec1999	\$1.12	Balance Sheet Information 12/1/2016	
Dec1998	\$0.92	Total Current Assets	\$2,142,900,000
Dec1997	\$1.17	Total Current Liabilities	\$1,266,290,000
	\$1.51	Long-Term Debt	\$1,228,035,000
		Total Assets	\$5,227,170,000
		Intangible Assets	\$736,378,000
		Total Liabilities	\$2,636,909,000
		Shares Outstanding (Diluted Average)	65,925,000





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

[AutoNation Inc Valuation – March 2017 \\$AN](#)
[Superior Industries International Inc Valuation – Initial Coverage \\$SUP](#)
[Canadian Tire Corp Limited Valuation – Initial Coverage \\$TSE:CTC.A](#)
[LKQ Corporation Valuation – Initial Coverage \\$LKQ](#)
[Lithia Motors Inc Valuation – Initial Coverage \\$LAD](#)
[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](#)