

ModernGraham Valuation

Company Name:

Company Ticker LZB
Date of Analysis

La-Z-Boy
Incorporated

8/19/2017



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	\$1,515,647,929	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.60	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	-493.18%	Fail
5. Earnings Growth	PEmg < 20	18.77	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.59	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	2.60	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	Pass
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	\$1.65
MG Growth Estimate	9.92%
MG Value	\$46.89
MG Value based on 3% Growth	\$23.99
MG Value based on 0% Growth	\$14.06
Market Implied Growth Rate	5.13%

MG Opinion

Current Price	\$31.05
% of Intrinsic Value	66.22%
Opinion	Undervalued
MG Grade	B-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$4.43
Graham Number	\$22.87
PEmg	18.77
Current Ratio	2.60
PB Ratio	2.59
Current Dividend	\$0.42
Dividend Yield	1.35%
Number of Consecutive Years of Dividend Growth	5

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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Apr2017	\$1.91	Apr2017	\$1.65
Apr2016	\$1.73	Apr2016	\$1.45
Apr2015	\$1.55	Apr2015	\$1.30
Apr2014	\$1.34	Apr2014	\$1.14
Apr2013	\$1.02	Apr2013	\$1.00
Apr2012	\$0.85	Apr2012	\$0.73
Apr2011	\$1.64	Apr2011	\$0.45
Apr2010	\$0.45	Apr2010	-\$0.19
Apr2009	\$0.62	Apr2009	-\$0.48
Apr2008	-\$2.39	Apr2008	-\$0.81
Apr2007	-\$0.26	Apr2007	\$0.01
Apr2006	\$0.08	Apr2006	\$0.18
Apr2005	-\$0.06	Apr2005	\$0.30
Apr2004	\$0.71	Apr2004	\$0.54
Apr2003	-\$0.11	Apr2003	\$0.59
Apr2002	\$0.63	Apr2002	\$1.00
Apr2001	\$1.01	Apr2001	\$1.19
Apr2000	\$1.13	Balance Sheet Information 4/1/2017	
Apr1999	\$1.60	Total Current Assets	\$517,422,000
Apr1998	\$1.24	Total Current Liabilities	\$198,676,000
	\$0.93	Long-Term Debt	\$296,000
		Total Assets	\$888,855,000
		Intangible Assets	\$92,734,000
		Total Liabilities	\$298,936,000
		Shares Outstanding (Diluted Average)	49,284,000





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.

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company

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