

# ModernGraham Valuation

Company Name:

BorgWarner Inc.

Company Ticker BWA

Date of Analysis

4/25/2018



## 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	\$11,302,087,501	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.46	Fail
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	70.03%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	20.90	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.01	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	1.46	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.88	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

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$2.53
MG Growth Estimate	0.26%
<b>MG Value</b>	<b>\$22.81</b>
MG Value based on 3% Growth	\$36.71
MG Value based on 0% Growth	\$21.52
Market Implied Growth Rate	6.20%

### MG Opinion

Current Price	\$52.91
% of Intrinsic Value	231.92%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>F</b>

## Stage 3: Information for Further Research

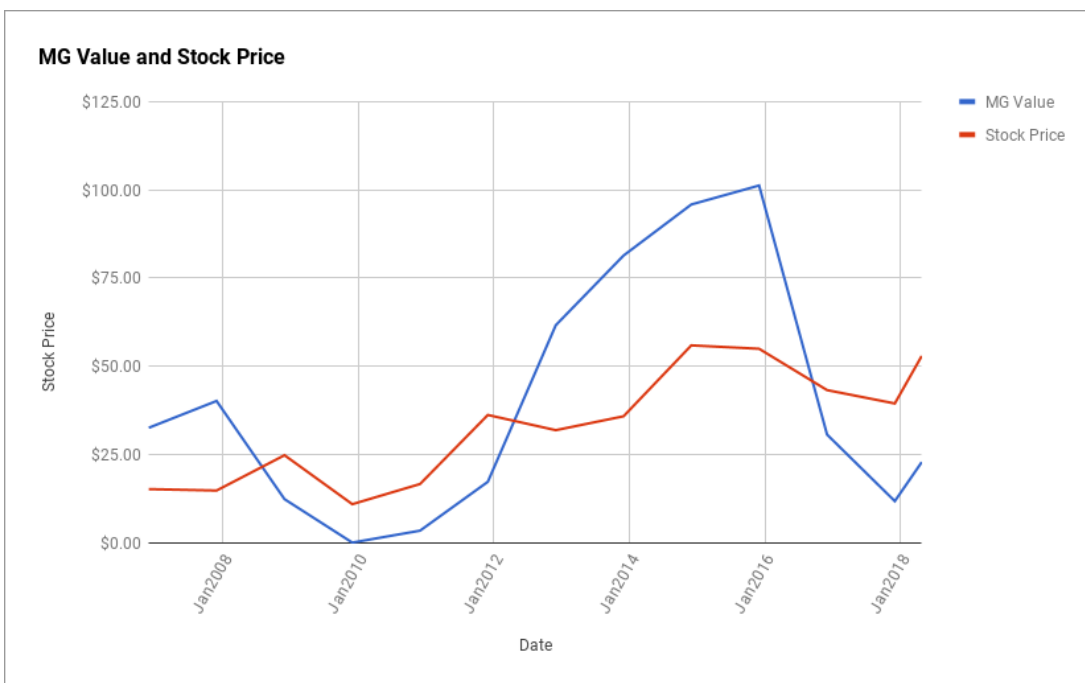
Net Current Asset Value (NCAV)	-\$11.95
Graham Number	\$39.58
PEmg	20.90
Current Ratio	1.46
PB Ratio	3.01
Current Dividend	\$0.59
Dividend Yield	1.12%
Number of Consecutive Years of Dividend Growth	5

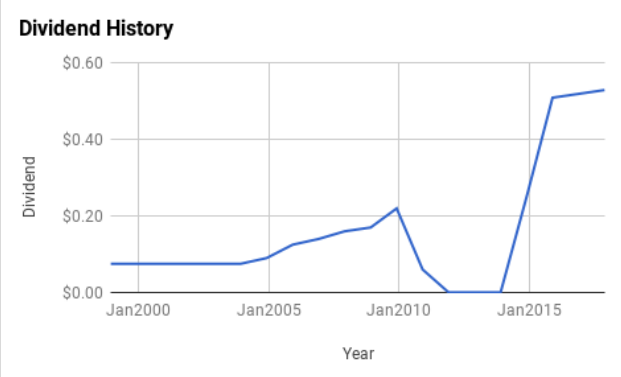
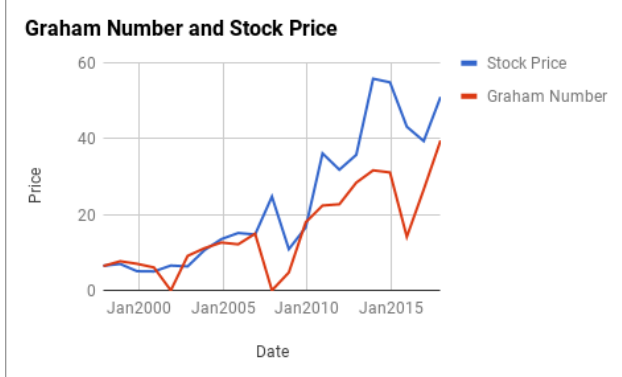
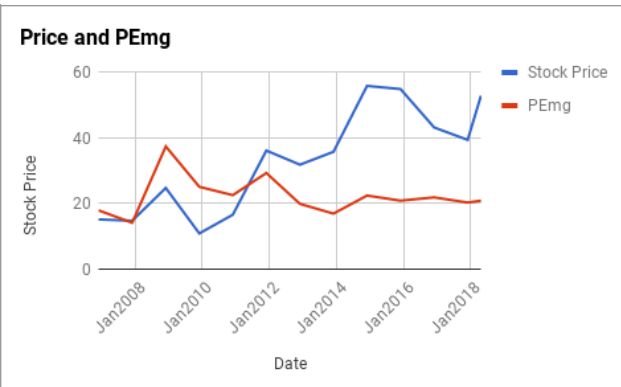
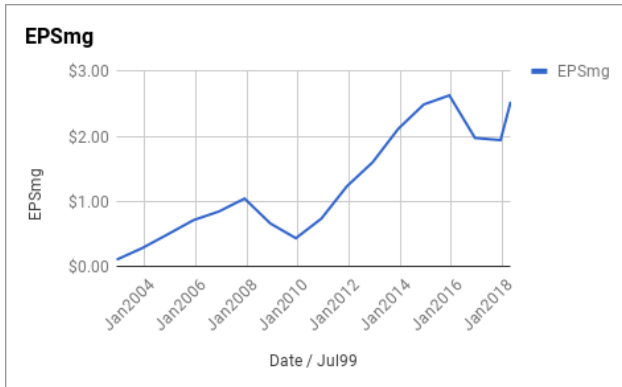
### Useful Links:

[ModernGraham tagged articles](#)  
[Google Finance](#)  
[Yahoo Finance](#)  
[GuruFocus](#)

[Morningstar](#)  
[MSN Money](#)  
[Seeking Alpha](#)  
[SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.95	Next Fiscal Year Estimate	\$2.53
Dec2017	\$2.08	Dec2017	\$1.94
Dec2016	\$0.55	Dec2016	\$1.97
Dec2015	\$2.70	Dec2015	\$2.63
Dec2014	\$2.86	Dec2014	\$2.49
Dec2013	\$2.70	Dec2013	\$2.11
Dec2012	\$2.09	Dec2012	\$1.60
Dec2011	\$2.22	Dec2011	\$1.23
Dec2010	\$1.54	Dec2010	\$0.74
Dec2009	\$0.12	Dec2009	\$0.43
Dec2008	-\$0.16	Dec2008	\$0.66
Dec2007	\$1.23	Dec2007	\$1.04
Dec2006	\$0.92	Dec2006	\$0.85
Dec2005	\$1.04	Dec2005	\$0.71
Dec2004	\$0.97	Dec2004	\$0.49
Dec2003	\$0.80	Dec2003	\$0.28
Dec2002	-\$0.56	Dec2002	\$0.10
Dec2001	\$0.31	<b>Balance Sheet Information 12/1/2017</b>	
Dec2000	\$0.44	Total Current Assets	\$3,543,200,000
Dec1999	\$0.63	Total Current Liabilities	\$2,425,200,000
Dec1998	\$0.50	Long-Term Debt	\$2,103,700,000
		Total Assets	\$9,787,600,000
		Intangible Assets	\$2,374,500,000
		Total Liabilities	\$6,070,800,000
		Shares Outstanding (Diluted Average)	211,467,000





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**
- [BorgWarner Inc Valuation – December 2016 \\$BWA](#)
  - [BorgWarner Inc Valuation – August 2016 \\$BWA](#)
  - [5 Companies for Enterprising Investors Near 52 Week Lows – June 2016](#)
  - [10 Companies Benjamin Graham Would Invest In Today – June 2016](#)
  - [26 Best Stocks For Value Investors This Week – 2/6/16](#)

- Other ModernGraham posts about related companies**
- [CarMax Inc Valuation – April 2018 \\$KMX](#)
  - [Ford Motor Company Valuation – April 2018 \\$F](#)
  - [General Motors Co Valuation – April 2018 \\$GM](#)
  - [O'Reilly Automotive Inc Valuation – April 2018 \\$ORLY](#)
  - [Goodyear Tire & Rubber Co Valuation – March 2018 \\$GT](#)
  - [Genuine Parts Co Valuation – March 2018 \\$GPC](#)
  - [AutoZone Inc Valuation – February 2018 \\$AZO](#)
  - [Thor Industries Inc Valuation – Initial Coverage \\$THO](#)
  - [Titan International Inc Valuation – Initial Coverage \\$TWI](#)
  - [Harley-Davidson Inc Valuation – August 2017 \\$HOG](#)