ModernGraham Valuation

Company Name:

CarMax, Inc

ModernGraham

Company Ticker KMX Date of Analysis

4/19/2018

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.

 Adequate Size of the Enterprise 	Market Cap > \$2Bil	\$11,315,656,364 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.61 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	
	vears using 3 year averages at	

beginning and end 130.43% Pass 5. Earnings Growth 6. Moderate PEmg Ratio PEmg < 20 17.77 Pass PB Ratio < 2.5 OR PB*PEmg < 50 7. Moderate Price to Assets 3.44 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 2.61 Pass 2. Sufficiently Strong Financial Condition Debt to NCA < 1.1 6.50 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 \$3.52 MG Growth Estimate 8.91% MG Value \$92.72 MG Value based on 3% Growth \$51.06 MG Value based on 0% Growth \$29.93 Market Implied Growth Rate 4.63%

MG Opinion

Current Price \$62.57 % of Intrinsic Value 67.49%

Opinion Undervalued MG Grade

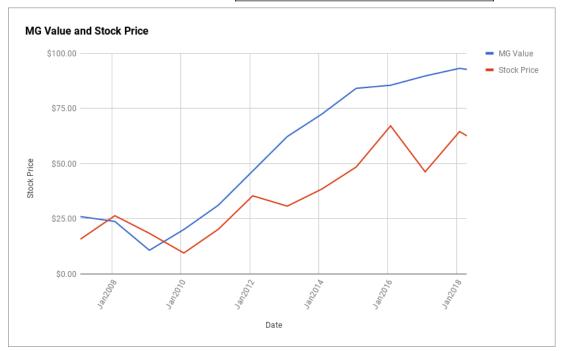
Stage 3: Information for Further Research

Net Current Asset Value (NCAV) -\$60.95 Graham Number \$40.60 PEmg 17.77 Current Ratio 2.61 PB Ratio 3.44 Current Dividend \$0.00 Dividend Yield 0.00% Number of Consecutive Years of Dividend n Growth

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	\$3.97	Next Fiscal Year Estimate	\$3.52
Feb2018	\$3.60	Feb2018	\$3.18
Feb2017	\$3.26	Feb2017	\$2.85
Feb2016	\$3.03	Feb2016	\$2.54
Feb2015	\$2.73	Feb2015	\$2.21
Feb2014	\$2.16	Feb2014	\$1.88
Feb2013	\$1.87	Feb2013	\$1.62
Feb2012	\$1.79	Feb2012	\$1.38
Feb2011	\$1.65	Feb2011	\$1.11
Feb2010	\$1.26	Feb2010	\$0.82
Feb2009	\$0.27	Feb2009	\$0.61
Feb2008	\$0.83	Feb2008	\$0.75
Feb2007	\$0.92	Feb2007	\$0.67
Feb2006	\$0.63	Feb2006	\$0.54
Feb2005	\$0.48	Feb2005	\$0.47
Feb2004	\$0.55	Feb2004	\$0.42
Feb2003	\$0.46	Feb2003	\$0.31
Feb2002	\$0.44	Balance Sheet Information	2/1/2018
Feb2001	\$0.23	Total Current Assets	\$3,061,444,000
Feb2000	\$0.01	Total Current Liabilities	\$1,174,058,000
Feb1999	-\$0.12	Long-Term Debt	\$12,262,443,000
		Total Assets	\$17,486,272,000
		Intangible Assets	\$0
		Total Liabilities	\$14,169,423,000
		Shares Outstanding (Diluted Average)	182,239,000





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 CarMax Inc Valuation – November 2016 \$KMX
Carmax Inc Valuation – August 2016 \$KMX
CarMax Inc. Annual Valuation – 2015 \$KMX
16 Companies in the Spotlight this Week – 4/19/14
Carmax Inc. (KMX) Annual Valuation – 2014

Other ModernGraham posts about related companies 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
Wabash National Corp Valuation – Initial Coverage \$WNC