

ModernGraham Valuation

O'Reilly Automotive
Inc



Company Name:

Company Ticker ORLY

Date of Analysis

4/3/2018

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	\$20,754,315,960	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.93	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	314.17%	Pass
6. Moderate PEmg Ratio	PEmg < 20	20.30	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	31.09	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	0.93	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-11.93	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 Score		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$11.71
MG Growth Estimate	15.00%
MG Value	\$450.84
MG Value based on 3% Growth	\$169.80
MG Value based on 0% Growth	\$99.54
Market Implied Growth Rate	5.90%

MG Opinion

Current Price	\$237.77
% of Intrinsic Value	52.74%
Opinion	Undervalued
MG Grade	D+

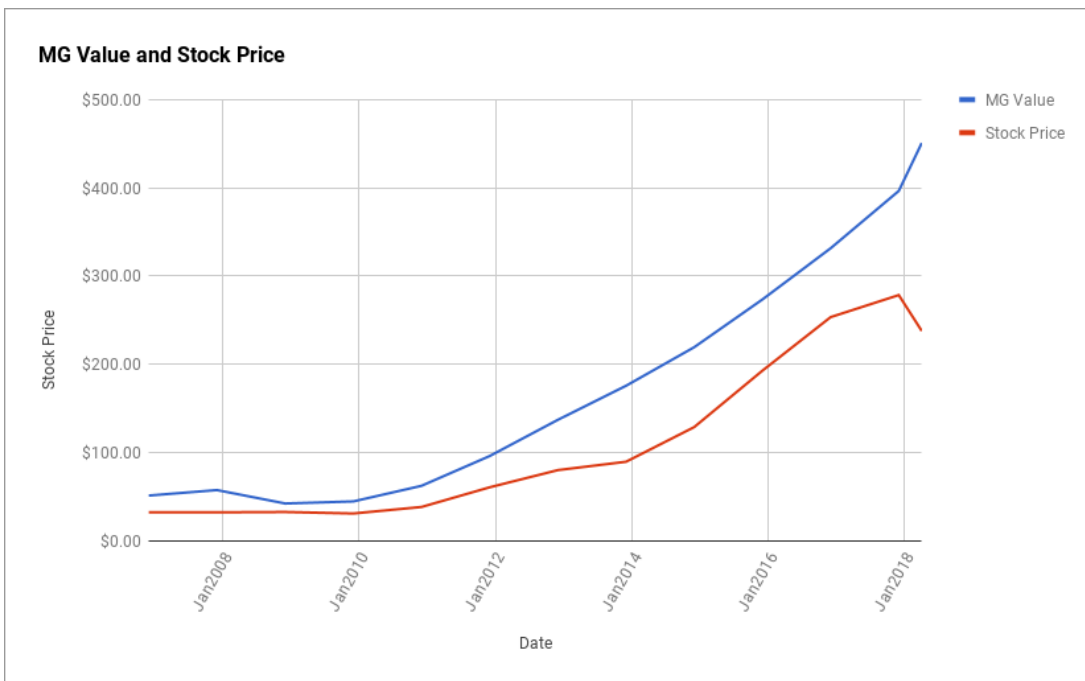
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$41.23
Graham Number	\$48.37
PEmg	20.30
Current Ratio	0.93
PB Ratio	31.09
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	\$13.42	Next Fiscal Year Estimate	\$11.71
Dec2017	\$12.67	Dec2017	\$10.30
Dec2016	\$10.73	Dec2016	\$8.61
Dec2015	\$9.17	Dec2015	\$7.10
Dec2014	\$7.34	Dec2014	\$5.70
Dec2013	\$6.03	Dec2013	\$4.56
Dec2012	\$4.75	Dec2012	\$3.56
Dec2011	\$3.71	Dec2011	\$2.78
Dec2010	\$2.95	Dec2010	\$2.20
Dec2009	\$2.23	Dec2009	\$1.78
Dec2008	\$1.48	Dec2008	\$1.53
Dec2007	\$1.67	Dec2007	\$1.49
Dec2006	\$1.55	Dec2006	\$1.33
Dec2005	\$1.45	Dec2005	\$1.14
Dec2004	\$1.25	Dec2004	\$0.93
Dec2003	\$0.92	Dec2003	\$0.73
Dec2002	\$0.77	Dec2002	\$0.61
Dec2001	\$0.63	Balance Sheet Information 12/1/2017	
Dec2000	\$0.50	Total Current Assets	\$3,397,672,000
Dec1999	\$0.46	Total Current Liabilities	\$3,647,366,000
Dec1998	\$0.36	Long-Term Debt	\$2,978,390,000
		Total Assets	\$7,571,885,000
		Intangible Assets	\$798,450,000
		Total Liabilities	\$6,918,839,000
		Shares Outstanding (Diluted Average)	85,401,000





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

- [O'Reilly Automotive Inc Valuation – July 2016 \\$ORLY](#)
- [O'Reilly Automotive Inc. Annual Valuation – 2015 \\$ORLY](#)
- [16 Companies in the Spotlight this Week – 4/19/14](#)
- [O'Reilly Automotive Inc. \(ORLY\) Annual Valuation – 2014](#)

Other ModernGraham posts about related companies

- [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](#)
- [Advance Auto Parts Inc Valuation – August 2017 \\$AAP](#)
- [Fox Factory Holding Corp Valuation – Initial Coverage \\$FOXF](#)
- [Monro Muffler Brake Inc Valuation – Initial Coverage \\$MNRO](#)