

ModernGraham Valuation

Company Name:

LKQ Corporation

Company Ticker LKQ

Date of Analysis

6/4/2018



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 | \$10,062,497,459 | Pass |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2 | 2.74 | 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 years using 3 year averages at beginning and end | 211.82% | Pass |
| 5. Earnings Growth | | | |
| 6. Moderate PEmg Ratio | PEmg < 20 | 18.50 | Pass |
| 7. Moderate Price to Assets | PB Ratio < 2.5 OR PB*PEmg < 50 | 2.29 | 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 | 2.74 | Pass |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1 | 1.24 | 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 | Yes |
| Enterprising | Yes |

Stage 2: Determination of Intrinsic Value

| | |
|-----------------------------|----------------|
| EPSmg | \$1.76 |
| MG Growth Estimate | 11.46% |
| MG Value | \$55.18 |
| MG Value based on 3% Growth | \$25.47 |
| MG Value based on 0% Growth | \$14.93 |
| Market Implied Growth Rate | 5.00% |

MG Opinion

| | |
|----------------------|--------------------|
| Current Price | \$32.49 |
| % of Intrinsic Value | 58.88% |
| Opinion | Undervalued |
| MG Grade | B- |

Stage 3: Information for Further Research

| | |
|--|---------|
| Net Current Asset Value (NCAV) | -\$3.78 |
| Graham Number | \$25.93 |
| PEmg | 18.50 |
| Current Ratio | 2.74 |
| PB Ratio | 2.29 |
| Current Dividend | \$0.00 |
| Dividend Yield | 0.00% |
| Number of Consecutive Years of Dividend Growth | 0 |

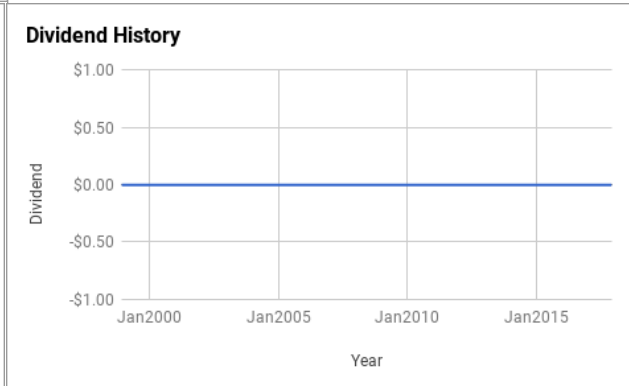
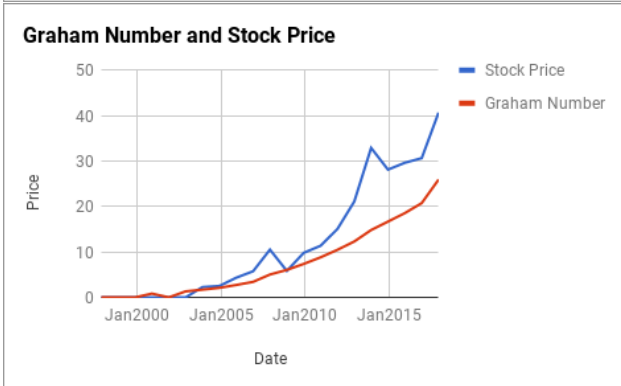
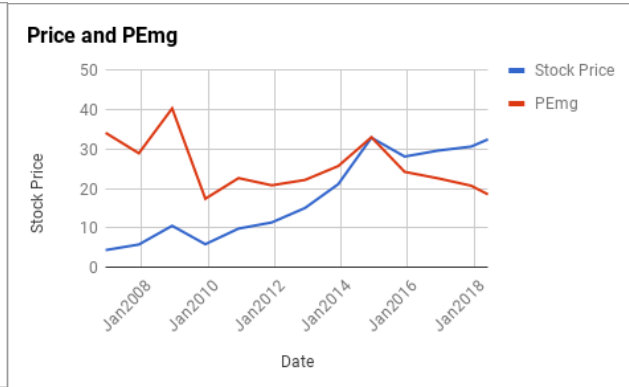
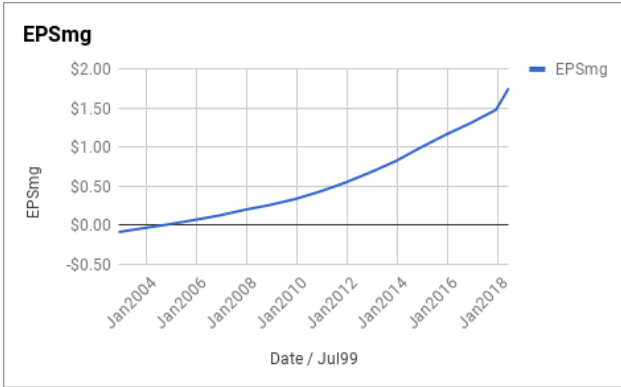
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| EPS History | | EPSmg History | |
|---------------------------|---------|---|-----------------|
| Next Fiscal Year Estimate | \$2.20 | Next Fiscal Year Estimate | \$1.76 |
| Dec2017 | \$1.71 | Dec2017 | \$1.48 |
| Dec2016 | \$1.50 | Dec2016 | \$1.31 |
| Dec2015 | \$1.38 | Dec2015 | \$1.16 |
| Dec2014 | \$1.25 | Dec2014 | \$1.00 |
| Dec2013 | \$1.02 | Dec2013 | \$0.82 |
| Dec2012 | \$0.87 | Dec2012 | \$0.68 |
| Dec2011 | \$0.71 | Dec2011 | \$0.55 |
| Dec2010 | \$0.58 | Dec2010 | \$0.43 |
| Dec2009 | \$0.45 | Dec2009 | \$0.34 |
| Dec2008 | \$0.36 | Dec2008 | \$0.26 |
| Dec2007 | \$0.28 | Dec2007 | \$0.20 |
| Dec2006 | \$0.20 | Dec2006 | \$0.13 |
| Dec2005 | \$0.16 | Dec2005 | \$0.07 |
| Dec2004 | \$0.12 | Dec2004 | \$0.01 |
| Dec2003 | \$0.10 | Dec2003 | -\$0.04 |
| Dec2002 | -\$0.28 | Dec2002 | -\$0.09 |
| Dec2001 | \$0.03 | Balance Sheet Information 3/1/2018 | |
| Dec2000 | -\$0.01 | Total Current Assets | \$4,039,143,000 |
| Dec1999 | \$0.00 | Total Current Liabilities | \$1,474,788,000 |
| Dec1998 | \$0.00 | Long-Term Debt | \$3,170,788,000 |
| | | Total Assets | \$9,636,178,000 |
| | | Intangible Assets | \$4,313,002,000 |
| | | Total Liabilities | \$5,217,197,000 |
| | | Shares Outstanding (Diluted Average) | 311,347,000 |





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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