

ModernGraham Valuation

MTS Systems
Corporation



Company Name:

Company Ticker MTSC

Date of Analysis

6/30/2018

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	\$929,695,622	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.68	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	21.81%	Fail
5. Earnings Growth	PEmg < 20	21.36	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.15	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	1.68	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.02	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 Score		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.46
MG Growth Estimate	-2.80%
MG Value	\$7.14
MG Value based on 3% Growth	\$35.74
MG Value based on 0% Growth	\$20.95
Market Implied Growth Rate	6.43%

MG Opinion

Current Price	\$52.65
% of Intrinsic Value	737.31%
Opinion	Overvalued
MG Grade	D+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$13.04
Graham Number	\$44.10
PEmg	21.36
Current Ratio	1.68
PB Ratio	2.15
Current Dividend	\$1.20
Dividend Yield	2.28%
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	\$3.58	Next Fiscal Year Estimate	\$2.46
Sep2017	\$1.31	Sep2017	\$2.10
Sep2016	\$1.70	Sep2016	\$2.61
Sep2015	\$3.00	Sep2015	\$3.10
Sep2014	\$2.73	Sep2014	\$3.03
Sep2013	\$3.64	Sep2013	\$2.94
Sep2012	\$3.21	Sep2012	\$2.49
Sep2011	\$3.24	Sep2011	\$2.12
Sep2010	\$1.14	Sep2010	\$1.66
Sep2009	\$1.03	Sep2009	\$1.94
Sep2008	\$2.80	Sep2008	\$2.28
Sep2007	\$2.29	Sep2007	\$1.91
Sep2006	\$2.04	Sep2006	\$1.57
Sep2005	\$1.81	Sep2005	\$1.21
Sep2004	\$1.35	Sep2004	\$0.82
Sep2003	\$0.95	Sep2003	\$0.53
Sep2002	\$0.20	Sep2002	\$0.38
Sep2001	\$0.50	Balance Sheet Information 3/1/2018	
Sep2000	\$0.17	Total Current Assets	\$432,414,000
Sep1999	\$0.59	Total Current Liabilities	\$257,065,000
Sep1998	\$1.01	Long-Term Debt	\$354,255,000
		Total Assets	\$1,155,921,000
		Intangible Assets	\$620,983,000
		Total Liabilities	\$683,691,000
		Shares Outstanding (Diluted Average)	19,273,000





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

- [MTS Systems Corp Valuation – July 2016 \\$MTSC](#)
- [MTS Systems Corp Valuation – February 2016 Update \\$MTSC](#)
- [13 Best Stocks For Value Investors This Week – 10/17/15](#)
- [MTS Systems Corporation Valuation – October 2015 Update \\$MTSC](#)
- [The Best Stocks of the IT Hardware Industry – September 2015](#)

Other ModernGraham posts about related companies

- [Emerson Electric Co Valuation – June 2018 \\$EMR](#)
- [Skyworks Solutions Inc Valuation – June 2018 \\$SWKS](#)
- [Garmin Ltd Valuation – June 2018 \\$GRMN](#)
- [Hewlett Packard Enterprise Co Valuation – June 2018 \\$HPE](#)
- [Fortive Corp Valuation – June 2018 \\$FTV](#)
- [Analog Devices Inc Valuation – June 2018 \\$ADI](#)
- [IPG Photonics Corp Valuation – June 2018 \\$IPGP](#)
- [Micron Technology Inc Valuation – May 2018 \\$MU](#)
- [Amphenol Corp Valuation – May 2018 \\$APH](#)
- [Xilinx Inc Valuation – May 2018 \\$XLNX](#)