

ModernGraham Valuation

Company Name:

Lithia Motors Inc

Company Ticker LAD

Date of Analysis

8/26/2018



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	\$2,076,632,934	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.20	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	748.73%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	10.12	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.84	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	1.20	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.69	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		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$8.48
MG Growth Estimate	15.00%
MG Value	\$326.33
MG Value based on 3% Growth	\$122.90
MG Value based on 0% Growth	\$72.05
Market Implied Growth Rate	0.81%

MG Opinion

Current Price	\$85.79
% of Intrinsic Value	26.29%
Opinion	Undervalued
MG Grade	C+

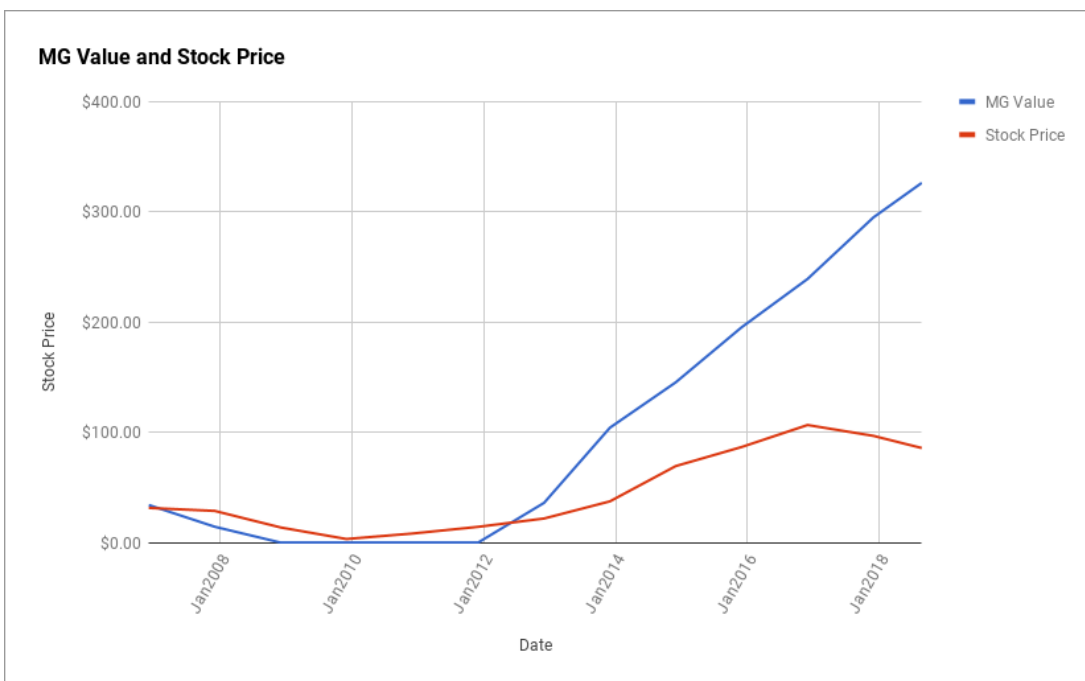
Stage 3: Information for Further Research

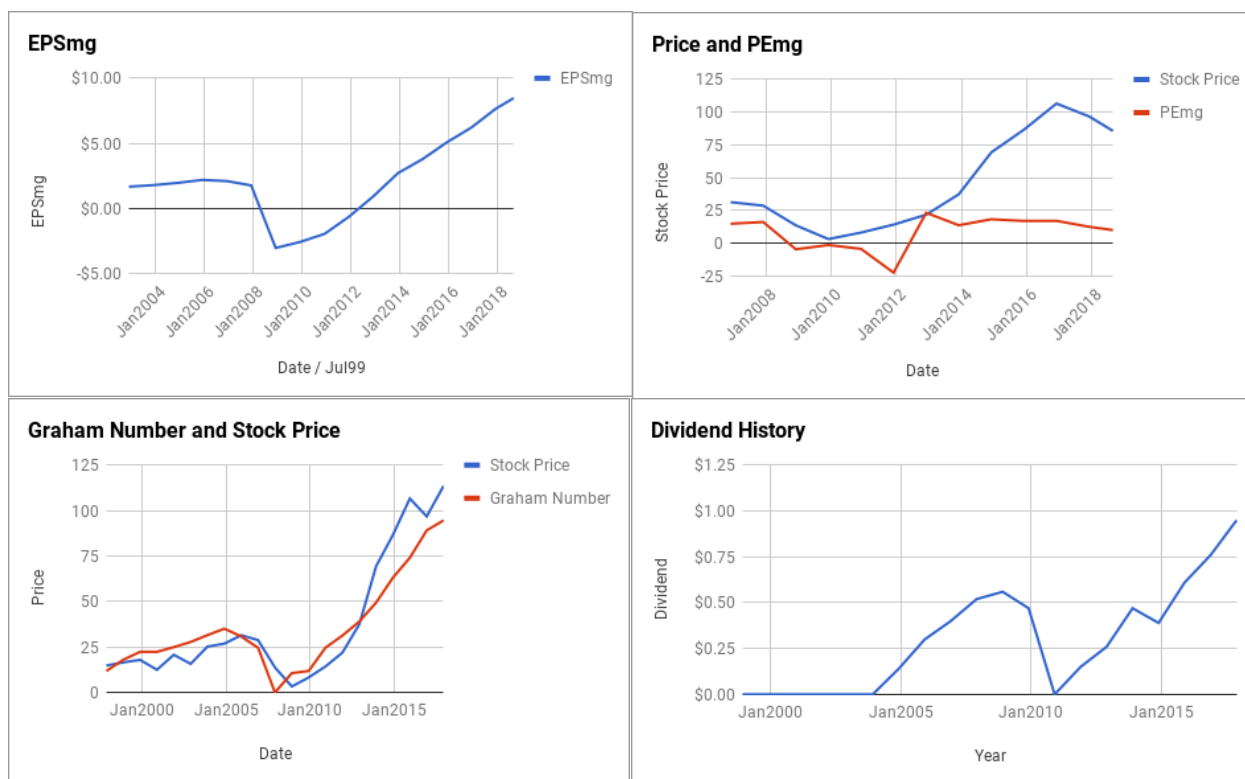
Net Current Asset Value (NCAV)	-\$44.61
Graham Number	\$94.66
PEmg	10.12
Current Ratio	1.20
PB Ratio	1.84
Current Dividend	\$1.06
Dividend Yield	1.24%
Number of Consecutive Years of Dividend Growth	4

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		Next Fiscal Year Estimate	
Dec2017	\$9.18	Dec2017	\$8.48
Dec2016	\$9.75	Dec2016	\$7.66
Dec2015	\$7.72	Dec2015	\$6.21
Dec2014	\$6.91	Dec2014	\$5.07
Dec2013	\$5.26	Dec2013	\$3.78
Dec2012	\$4.05	Dec2012	\$2.71
Dec2011	\$3.07	Dec2011	\$0.94
Dec2010	\$2.21	Dec2010	-\$0.64
Dec2009	\$0.52	Dec2009	-\$1.96
Dec2008	\$0.41	Dec2008	-\$2.58
Dec2007	-\$12.51	Dec2007	-\$3.04
Dec2006	\$1.06	Dec2006	\$1.76
Dec2005	\$1.77	Dec2005	\$2.10
Dec2004	\$2.54	Dec2004	\$2.18
Dec2003	\$2.27	Dec2003	\$1.96
Dec2002	\$1.93	Dec2002	\$1.78
Dec2001	\$1.80	Dec2001	\$1.67
Dec2000	\$1.60	Balance Sheet Information	
Dec1999	\$1.76	6/1/2018	
Dec1998	\$1.60	Total Current Assets	\$2,893,329,000
	\$1.14	Total Current Liabilities	\$2,412,211,000
		Long-Term Debt	\$1,295,077,000
		Total Assets	\$5,164,162,000
		Intangible Assets	\$478,065,000
		Total Liabilities	\$4,003,294,000
		Shares Outstanding (Diluted Average)	24,882,000





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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ModernGraham
posts about the
company [Lithia Motors Inc Valuation – Initial Coverage \\$LAD](#)

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companies [Cooper-Standard Holdings Inc Valuation – August 2018 \\$CPS](#)
[Copart Inc Valuation – August 2018 \\$CPRT](#)
[Standard Motor Products Inc Valuation – August 2018 \\$SMP](#)
[Harley-Davidson Inc Valuation – June 2018 \\$HOG](#)
[Advance Auto Parts Inc Valuation – June 2018 \\$AAP](#)
[LKQ Corporation – June 2018 \\$LKQ](#)
[Aptiv PLC Valuation – Initial Coverage May 2018 \\$APTV](#)
[BorgWarner Inc Valuation – April 2018 \\$BWA](#)
[CarMax Inc Valuation – April 2018 \\$KMX](#)
[Ford Motor Company Valuation – April 2018 \\$F](#)