

ModernGraham Valuation

Company Name:

AutoNation, Inc.

Company Ticker AN

Date of Analysis

9/1/2018



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	\$4,119,282,216	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.86	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	191.70%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	10.69	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.65	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	0.86	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-2.53	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	\$4.24
MG Growth Estimate	7.42%
MG Value	\$98.97
MG Value based on 3% Growth	\$61.50
MG Value based on 0% Growth	\$36.05
Market Implied Growth Rate	1.10%

MG Opinion

Current Price	\$45.35
% of Intrinsic Value	45.82%
Opinion	Undervalued
MG Grade	C+

Stage 3: Information for Further Research

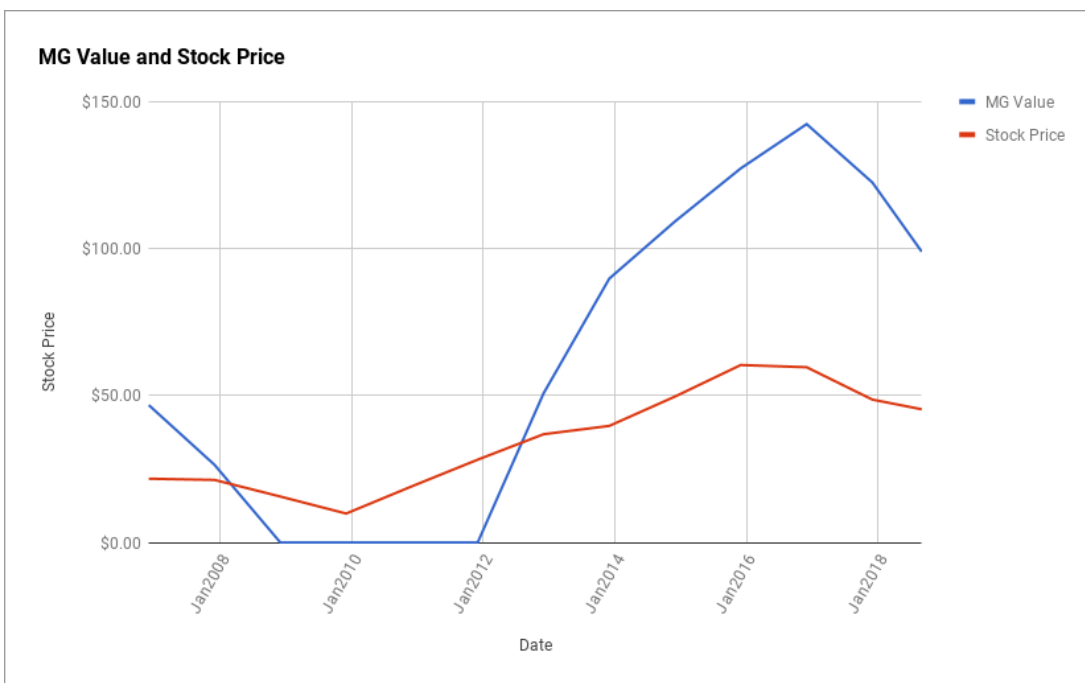
Net Current Asset Value (NCAV)	-\$33.82
Graham Number	\$50.79
PEmg	10.69
Current Ratio	0.86
PB Ratio	1.65
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Dec2017	\$4.43	Dec2017	\$4.03
Dec2016	\$4.15	Dec2016	\$3.70
Dec2015	\$3.89	Dec2015	\$3.31
Dec2014	\$3.52	Dec2014	\$2.84
Dec2013	\$3.04	Dec2013	\$2.33
Dec2012	\$2.52	Dec2012	\$1.32
Dec2011	\$1.91	Dec2011	\$0.40
Dec2010	\$1.43	Dec2010	-\$0.35
Dec2009	\$1.12	Dec2009	-\$0.91
Dec2008	-\$6.99	Dec2008	-\$1.33
Dec2007	\$1.39	Dec2007	\$1.52
Dec2006	\$1.38	Dec2006	\$1.57
Dec2005	\$1.85	Dec2005	\$1.58
Dec2004	\$1.59	Dec2004	\$1.37
Dec2003	\$1.67	Dec2003	\$1.18
Dec2002	\$1.19	Dec2002	\$0.92
Dec2001	\$0.69	Balance Sheet Information	
Dec2000	\$0.91	6/1/2018	
Dec1999	\$0.66	Total Current Assets	\$4,703,900,000
Dec1998	\$1.06	Total Current Liabilities	\$5,476,400,000
		Long-Term Debt	\$1,958,100,000
		Total Assets	\$10,288,600,000
		Intangible Assets	\$2,087,400,000
		Total Liabilities	\$7,788,000,000
		Shares Outstanding (Diluted Average)	91,200,000





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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