

ModernGraham Valuation

Company Name:

Cavco Industries, Inc.

Company Ticker CVCO

Date of Analysis

9/11/2018



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	\$2,291,046,820	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.44	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	771.15%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	44.84	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.92	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	2.44	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.13	Pass
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	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$5.63
MG Growth Estimate	15.00%
MG Value	\$216.93
MG Value based on 3% Growth	\$81.70
MG Value based on 0% Growth	\$47.89
Market Implied Growth Rate	18.17%

MG Opinion

Current Price	\$252.65
% of Intrinsic Value	116.46%
Opinion	Overvalued
MG Grade	C-

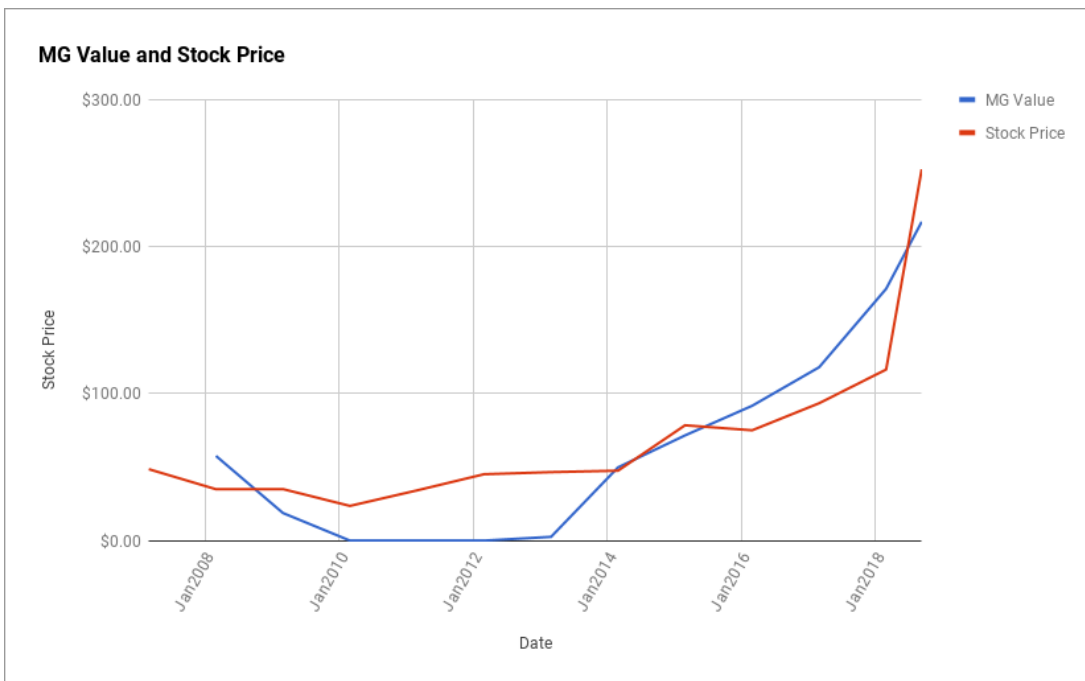
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$22.81
Graham Number	\$90.95
PEmg	44.84
Current Ratio	2.44
PB Ratio	4.92
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	\$7.27	Next Fiscal Year Estimate	\$5.63
Mar2018	\$6.68	Mar2018	\$4.45
Mar2017	\$4.17	Mar2017	\$3.06
Mar2016	\$3.15	Mar2016	\$2.38
Mar2015	\$2.64	Mar2015	\$1.86
Mar2014	\$1.94	Mar2014	\$1.29
Mar2013	\$0.71	Mar2013	\$0.84
Mar2012	\$2.19	Mar2012	\$0.81
Mar2011	\$0.41	Mar2011	\$0.25
Mar2010	-\$0.52	Mar2010	\$0.42
Mar2009	\$0.07	Mar2009	\$1.02
Mar2008	\$0.95	Mar2008	\$1.50
Mar2007	\$1.74	Mar2007	\$1.61
Mar2006	\$2.23	Mar2006	\$1.35
Mar2005	\$1.54	Mar2005	\$0.77
Mar2004	\$0.97	Mar2004	\$0.32
Mar2003	\$0.00	Mar2003	\$0.00
Mar2002	\$0.00	Balance Sheet Information 6/1/2018	
Mar2001	\$0.00	Total Current Assets	\$429,237,000
Dec2000	\$0.00	Total Current Liabilities	\$175,626,000
Dec1999	\$0.00	Long-Term Debt	\$33,884,000
		Total Assets	\$693,561,000
		Intangible Assets	\$82,936,000
		Total Liabilities	\$217,874,000
		Shares Outstanding (Diluted Average)	9,267,000





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

- [6 Best Stocks for Value Investors This Week – 3/26/17](#)
- [Cavco Industries Inc Valuation – Initial Coverage \\$CVCO](#)

Other ModernGraham posts about related companies

- [LGI Homes Inc Valuation – September 2018 \\$LGIH](#)
- [Stantec Inc Valuation – August 2018 \\$TSE-STN](#)
- [Simpson Manufacturing Co Inc Valuation – August 2018 \\$SSD](#)
- [KBR Inc Valuation – August 2018 \\$KBR](#)
- [KB Home Valuation – August 2018 \\$KBH](#)
- [SNC-Lavalin Group Inc Valuation – August 2018 \\$TSE:SNC](#)
- [Stella-Jones Inc Valuation – July 2018 \\$TSE-SJ](#)
- [Aecon Group Inc Valuation – July 2018 \\$TSE:ARE](#)
- [Aecom Valuation – July 2018 \\$ACM](#)
- [Lowe's Companies Inc Valuation – June 2018 \\$LOW](#)