

ModernGraham Valuation

Company Name:

CarMax, Inc

Company Ticker KMX

Date of Analysis

2/19/2019



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	\$10,521,581,923	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.50	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	143.19%	Pass
5. Earnings Growth	PEmg < 20	16.62	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	3.16	Fail
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	2.50	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	7.09	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	\$3.72
MG Growth Estimate	10.27%
MG Value	\$108.09
MG Value based on 3% Growth	\$53.96
MG Value based on 0% Growth	\$31.63
Market Implied Growth Rate	4.06%

MG Opinion

Current Price	\$61.86
% of Intrinsic Value	57.23%
Opinion	Undervalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$67.90
Graham Number	\$43.56
PEmg	16.62
Current Ratio	2.50
PB Ratio	3.16
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		Next Fiscal Year Estimate	\$3.72
Feb2018	\$3.60	Feb2018	\$3.18
Feb2017	\$3.26	Feb2017	\$2.85
Feb2016	\$3.03	Feb2016	\$2.54
Feb2015	\$2.73	Feb2015	\$2.21
Feb2014	\$2.16	Feb2014	\$1.88
Feb2013	\$1.87	Feb2013	\$1.62
Feb2012	\$1.79	Feb2012	\$1.38
Feb2011	\$1.65	Feb2011	\$1.11
Feb2010	\$1.26	Feb2010	\$0.82
Feb2009	\$0.27	Feb2009	\$0.61
Feb2008	\$0.83	Feb2008	\$0.75
Feb2007	\$0.92	Feb2007	\$0.67
Feb2006	\$0.63	Feb2006	\$0.54
Feb2005	\$0.48	Feb2005	\$0.47
Feb2004	\$0.55	Feb2004	\$0.42
Feb2003	\$0.46	Feb2003	\$0.31
Feb2002	\$0.44	Balance Sheet Information 11/1/2018	
Feb2001	\$0.23	Total Current Assets	\$3,057,419,000
Feb2000	\$0.01	Total Current Liabilities	\$1,224,873,000
Feb1999	-\$0.12	Long-Term Debt	\$12,989,406,000
		Total Assets	\$18,396,812,000
		Intangible Assets	\$0
		Total Liabilities	\$14,961,699,000
		Shares Outstanding (Diluted Average)	175,321,000





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:

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ModernGraham
posts about the
company

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[CarMax Inc Valuation – November 2016 \\$KMX](#)
[Carmax Inc Valuation – August 2016 \\$KMX](#)
[CarMax Inc. Annual Valuation – 2015 \\$KMX](#)
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[Goodyear Tire & Rubber Co Valuation – January 2019 \\$GT](#)
[Genuine Parts Co Valuation – January 2019 \\$GPC](#)
[Autozone Inc Valuation – January 2019 \\$AZO](#)
[Linamar Corp Valuation – October 2018 \\$TSE-LNR](#)
[AutoNation Inc Valuation – September 2018 \\$AN](#)
[Superior Industries International Inc Valuation – August 2018 \\$SUP](#)
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