

Ticker: **AGX**
Name: **Argan Inc**
Industry: **Construction & Engineering**

Current Price: **\$47.78**
Shares Outstanding **15,570,000**
Market Cap **\$743,934,600**

Prepared By MyMoneyTrainer On: **2/22/19**

Write Up

I purchased this stock back in December 2017 @ \$45.95. These are my thoughts after reviewing this when I completed my initial purchase in 2017:

PRO #1 - Has been growing steadily for years (through acquisition, mainly small ones, and without debt). GPS is still 90% of their revenue however (as of the 2016 annual report). Backlog has every one upset a) 1/31/2015 (from 2016 annual report) = \$423m, b) 1/31/2016 (from 2016 annual report) = \$1.1b-\$1.5b, c) 1/31/2017 (from 2017 annual report) = \$1.1b. Using the \$2.96 EPS it returns 6% (still double the overall market). If they can keep projects going and get back into the \$5.00 range it is closer to 10%. And trades at 93% of intrinsic value. I'd imagine management is pretty darn focused on getting new business to ensure this doesn't happen. Solid management with a proven track record with zero debt...what's not to like. The pipeline is presenting a buying opportunity.

CON #1 - They mainly build natural gas power plants. Maybe not a good business going forward. Pretty much everything new construction wise will be solar and wind. I'm not sure I believe it. There is no way we are going to just stop using fossil fuels. Management is competent and rational and good capital allocators. Everything we seem to need on earth is moving to electric power / batteries. This will not slow down...neither will the building of these plants. Management has not taken on wind/solar projects because 'everyone with a truck and a ladder is in this space' and the margins are horrible. If I'm wrong and they somehow do not wind up gaining new business I can always sell (as this is priced in at this point)...and should have minimal future downside. If the natural gas power plant business dries up they can just convert over and start building in other spaces (they are just choosing not to now).

I added to this position in September 2018 @ \$41.34 because I really liked the company and wanted a full position. My thoughts on it were "Priced about the same as Feb '18 (when really oversold AND there was no mention of a backlog like there was in yesterday's report). No debt, decent insider ownership, seemingly smart management ready to weather any storm that may come. I'll take it!". I continue to agree with Tobias Carlisle (as he said on TIP mastermind discussion) when talking about the backlog concern how he liked how people think a company that has been around for 60 years (and is well run) won't be able to find new business.

Since then in February of this month they updated that they have increased backlog pretty big project that took backlog up over a billion again and it doesn't include another project of similar size which could take it to around \$1.5 billion again. The last time they had that much backlog the stock was a \$60+ stock. Now I think it was completely overvalued back then...but more on that.

The other pretty decent news that has occurred recently is several larger competitors have moved on from this space. So new business coming online and less competition should be a good recipe going forward.

I like the company a lot and I like how the concerns with it are being addressed and seem to be moving in the right direction. I like that they are completely debt free. I like that management owns stock in the company. I like that basically no one follows this company. I like the high ROIC and ROE.

That said, I don't like the current valuation. I'm using low estimates to do my analysis and who knows what the 2 analysts have included/not included in those estimates with regard to go forward plans but the estimates don't leave a lot of room for growth in the share price or any margin of safety in the intrinsic value. I'm calculating that this stock is barely better than owning the overall market at this point. So why would I take the risk of owning an individual stock that doesn't provide me with at least some logical opportunity to outperform the market? I'm not sure. Does this company have many characteristics the make it better than the overall market? I think yes, so maybe that is reason enough. This is where investing is just really hard.

I have made money in this stock which is not bad given the market has been "not good" during this time but I'm not sure I want to continue to own it from here on out. I have other stocks in my portfolio that I would view as worse stocks and that I know I don't want to continue to hold. Argan was the last stock in my portfolio that I've completed my updated annual reassessment on. In the end they are mainly just a well-run cyclical construction company. They run the business well but that is what they are...which is not horrible but probably not worth the risks at the current valuation. At this point I'll probably hold onto it rather than sell it and not have anywhere to reallocate the money to. But if I find something better to replace it with, I will do that without much hesitation. Perhaps in the meantime they announce "officially" a few more deals and the backlog picture continues to take shape and the price moves up accordingly. That is what should happen by the way!

I'm sharing my analysis here. If you have thoughts on it I'd love to hear them hit me up on Twitter @mymoneytrainer

Certainty Rating

Test #0 - SUPER QUICK VALUATION	29%	Estimated 'Intrinsic Value' Between: Between \$17.85 (37% of current price) and \$30.28 (63% of current price)					
Expected Return:	4.1%						
Test #1 - SCREEN SELECTION	74%						
Valuation Score	16.45	66%	Quality Score	23.40	82%		
Test #2 - INDUSTRY METRICS COMPARE	92%						
Average:	92%						
Test #3 - PRICE HISTORY COMPARE	51%						
Price/Earnings:	90%	Price/Sales:	25%	Price/Free CF:	0%	Price/Book:	90%
Test #4 - VALUATION SCENARIOS	29%						
Best Case - Expected Return:	4.6%	Last 10 Year Average - Expected Return:		4.1%			
Stress Test - Expected Return:	3.1%	Combined - Expected Return:		4.0%			
Test #5 - FINANCIALS REVIEW	73%						
Sales Growth:	65%	Gross Profit:	70%	Debt To Equity:	100%		
Earnings Growth:	80%	Operating Margin:	70%	Dividend Sustainability:	100%		
Sales Per Share Growth:	65%	Cap Ex:	100%				
Earnings Per Share Growth:	80%	Free Cash Flow:	0%				
Test #6 - BUYING / OWNERSHIP	88%						
Shares Outstanding / Buyback Program:	75%	Insider Ownership / Activity:		100%			
Test #7 - GOOD BUSINESS CHECK	77%						
Return "Moat" Assessment:	86%	Leverage Assessment:		100%			
Business "Moat" Assessment:	61%	Compounding Assessment:		75%			
Competition "Moat" Assessment:	40%	Management Assessment:		100%			
Test #8 - MY GUT	100%						
Other's Analysis:	100%	PROS:	100%	Management Assessment:	100%		
		CONS:	100%	Moat / Competition Assessment:	40%		
Test #9 - TECHNICALS / TIMING	100%						
Point & Figure:	100%	50/200 Day:	100%	MACD:	100%		
		RSI:	100%	Money Flow:	100%		
Certainty Grand Total:	71%						

Test #0 - SUPER QUICK VALUATION - Expected Case - Based On 1) NPV Earnings, 2) 5 Year DCF Free Cash Flow, 3) 10 Year NPV Cash Flow.

Tells Us Quickly If It Makes Sense To Even Dive Deeper (No Sense In Investing Unless Margin Of Safety Exists And Likelihood Of Decent Returns Is High).
 Multiples Of RFRR Are Good (Meaning This Model Kicks Out Higher Certainty Ratings For Higher Multiples).

Net Present Value Calculator (AKA Ben Graham Formula) (Run Assuming Zero Growth)

20-year AAA Corporate Bond Rate	4.0%	https://fred.stlouisfed.org/series/AAA	Last Updated:	1/3/19
EPS	\$2.10			
Constant PE (0% perpetual growth)	8.5			
Company's Perpetual Growth Rate	0.0%			
Minimum Risk Free Rate of Return	2.4%	https://fred.stlouisfed.org/series/TB3MS	Last Updated:	1/3/19
Graham's Intrinsic Value (Original Formula)	\$17.85			
% of Current Price	37%	DON'T BUY - Current Price is Above IV		
Graham's Intrinsic Value (Revised Formula)	\$30.28			
% of Current Price	63%	DON'T BUY - Current Price is Above IV		

5 Year Discounted Free Cash Flow (Owners Earnings) Calculator (AKA NPV) (Run Assuming Zero Growth)

Perpetual Growth Rate **0.0%** Explanation: Run at zero perpetual growth to be super conservative.

		Discount Rate/WACC	PV of CFs	+ Terminal Value	= PV	
Last 3 Year Average:	\$1.85	3.8%	\$8.27	\$49.21	\$47.73	0.1%
Last 10 Year Average:	\$2.28	4.6%	\$9.96	\$49.47	\$47.73	0.1%
		4.2%				

Year	FCFPS
2008	
2009	-\$2.81
2010	\$1.38
2011	\$5.58
2012	\$4.41
2013	\$0.99
2014	\$10.58
2015	-\$2.91
2016	\$12.68
2017	\$2.94
2018	-\$10.08

TTM FCF: **-\$157,000,000**

Explanation: **NA**

10 Year NPV of Future Cashflows (Run Assuming Updated EPS (using most likely future annual estimate) & DPS and Zero Growth)

Return On Shareholder's Equity	9.1%	
Retained To Equity	9.1%	100%
Dividends Percent	0.0%	

Current and Projected Shareholder Equity and Projected Earnings

	Equity Base	EquityPS	Earnings	EarningsPS	Dividends	DivsPS	Added To Base	RetainedPS
2018	\$358,888,500	\$23.05	\$32,697,000	\$2.10	\$0	\$0.00	\$32,697,000	\$2.10
2019	\$391,585,500	\$25.15	\$32,697,000	\$2.10	\$0	\$0.00	\$32,697,000	\$2.10
2020	\$424,282,500	\$27.25	\$32,697,000	\$2.10	\$0	\$0.00	\$32,697,000	\$2.10
2021	\$456,979,500	\$29.35	\$32,697,000	\$2.10	\$0	\$0.00	\$32,697,000	\$2.10
2022	\$489,676,500	\$31.45	\$32,697,000	\$2.10	\$0	\$0.00	\$32,697,000	\$2.10
2023	\$522,373,500	\$33.55	\$32,697,000	\$2.10	\$0	\$0.00	\$32,697,000	\$2.10
2024	\$555,070,500	\$35.65	\$32,697,000	\$2.10	\$0	\$0.00	\$32,697,000	\$2.10
2025	\$587,767,500	\$37.75	\$32,697,000	\$2.10	\$0	\$0.00	\$32,697,000	\$2.10
2026	\$620,464,500	\$39.85	\$32,697,000	\$2.10	\$0	\$0.00	\$32,697,000	\$2.10
2027	\$653,161,500	\$41.95	\$32,697,000	\$2.10	\$0	\$0.00	\$32,697,000	\$2.10
2028	\$685,858,500	\$44.05	\$32,697,000	\$2.10	\$0	\$0.00	\$32,697,000	\$2.10

NPV of future cashflows	\$208.14	1% In Money	EPS Estimates	Avg	Low	High
	\$103.34	2% In Money	Consensus '19 (#2)	\$3.38	\$3.28	\$3.47
	\$68.53	3% In Money	Consensus '20 (#2)	\$2.10	\$2.10	\$2.10
	\$51.19	4% In Money				
	\$40.83	5% Too Expensive				
	\$33.96	6% Too Expensive				
	\$29.07	7% Too Expensive				
	\$25.42	8% Too Expensive	Average	\$2.74	\$2.69	\$2.79
	\$22.59	9% Too Expensive				
	\$20.33	10% Too Expensive				
	\$18.49	11% Too Expensive				
	\$16.96	12% Too Expensive				
	\$15.67	13% Too Expensive				
	\$14.56	14% Too Expensive				
	\$13.61	15% Too Expensive				
	\$12.77	16% Too Expensive				
	\$12.03	17% Too Expensive				
	\$11.38	18% Too Expensive				
	\$10.79	19% Too Expensive				
	\$10.26	20% Too Expensive				
	\$9.79	21% Too Expensive				
	\$9.35	22% Too Expensive				
	\$8.96	23% Too Expensive				
	\$8.59	24% Too Expensive				
	\$8.26	25% Too Expensive				

Explanation: In my original analysis I was using \$2.96 as my forward estimate (which was producing a 6% NPV).

There are only 2 analyst for this stock so it is small and underfollowed.

I'm using the low end \$2.10 estimate for my analysis here.

Expected Return - 5 Year DCF	4.2%
Expected Return - 10 NPV Cash Flows	4%
Expected Return Average	4.1%

Certainty Rating	
37%	Graham's Intrinsic Value (Original Formula)
63%	Graham's Intrinsic Value (Revised Formula)
15%	5 Year Discounted Free Cash Flow
15%	10 Year NPV of Future Cashflows
15%	Average
29%	Total

Hurdle Returns (vs. Risk Free)		
2.4%	0x	0%
4.7%	1x	15%
7.1%	2x	30%
9.5%	3x	45%
11.9%	4x	60%
14.2%	5x	75%
16.6%	6x	90%
19.0%	7x	105%
21.3%	8x	120%

Explanation: NA

Test #1 - SCREEN SELECTION - Expect Investment To Score Highly On Both Valuation AND Quality Criteria.

Tells Us Quickly If It Makes Sense To Even Dive Deeper (No Sense In Investing Unless Margin Of Safety Exists And Likelihood Of Decent Returns Is High).

Valuation Scoring (Max Possible Score 25.25)

		3.00	Base (+5) – PE (FYF) vs. Market PE
		5.00	Base (+5) – PE (FYF) vs. Industry
16.45	Total Valuation Score	5.00	Base (+5) – PE (FYF) vs. Static Hurdle (Case Shiller Mean)
65%	Percent of Max Possible Score	0.80	Extra Credit (+1) – PE (TTM) vs. Market PE
67%	Percent of Current Universe	1.00	Extra Credit (+1) – PE (MRFY) vs. Market PE
66%	Combined	0.00	Extra Credit (+1) – Sales (TTM) vs. Industry
		0.40	Extra Credit (+1) – CF (MRFY) vs. Industry
		1.00	Extra Credit (+1) – CF (MRFY) vs. Market
		0.00	Extra Credit (+1) – BV (MRQ) vs. Industry
		0.00	Extra Credit (+2) – PEG (TTM) vs. Market
		0.00	Extra Credit (+.25) – Analyst – Schwab
		0.00	Extra Credit (+.25) – Analyst – Morningstar
		0.00	Extra Credit (+.25) – Analyst – Credit Suisse
		0.00	Extra Credit (+.25) – Analyst – Ned Davis
		0.00	Extra Credit (+.25) – Analyst – S&P Cap IQ Earnings and Div Rank
		0.00	Extra Credit (+.25) – Analyst – S&P CFRA
		0.00	Extra Credit (+.25) – Analyst – Argus
		0.00	Extra Credit (+.25) – Analyst – Market Edge
		0.25	Extra Credit (+.25) – Analyst – Reuters

Certainty Rating	
Valuation:	66%
Quality:	82%
Combined:	74%

Quality Scoring (Max Possible Score 26.50)

		1.00	Base (+1) – Positive PE (FYF)
		1.00	Base (+1) – Positive Net Profit Margin
23.40	Total Quality Score	1.00	Base (+1) – Positive Price To Cash Flow
88%	Percent of Max Possible Score	1.00	Base (+1) – Positive Cash Flow Per Share
76%	Percent of Current Universe	1.00	Base (+1) – Positive ROE
82%	Combined	1.00	Base (+1) – Positive ROI
		0.00	Base (+1) – Quick Ratio Greater Than Static Hurdle
		0.00	Base (+1) – Quick Ratio Higher Than Industry
		1.50	Base (+1) – Current Ratio Greater Than Static Hurdle
		1.50	Base (+1) – Current Ratio Higher Than Industry
		5.00	Base (+5) – Debt To Equity Lower Than Static Hurdle
		5.00	Base (+5) – Debt To Equity Lower Than Industry
		1.50	Base (+1) – Net Profit Margin Higher Than Industry
		0.00	Base (+1) – Industry ROE vs. Market ROE
		1.40	Base (+1) – ROE vs. Industry
		0.00	Base (+1) – Industry ROI vs. Market ROI
		1.50	Base (+1) – ROI vs. Industry
		0.00	Base (+1) – Market Cap
		0.00	Extra Credit (+.25%) – Morningstar Moat
		0.00	Extra Credit (+.25%) – Morningstar Stewardship

Explanation: NA

Test #2 - INDUSTRY METRICS COMPARE - Is it a good deal compared to other companies in the industry?

Compare a variety of financial valuation metrics of the company against the other companies in its industry to ensure a margin of safety.

Industry: Construction & Engineering

Number of Companies In Industry: 27

	Industry	Stock		
Average Price/Earnings (FYF):	23.4	11.0	Better	100%
Average Price/Earnings (TTM):	20.9	9.8	Better	100%
Average Price/Earnings (MRFY):	24.4	8.4	Better	100%
Average Price/Book (MRQ):	1.6	1.5	Better	100%
Average Price/Sales (TTM):	0.7	1.0	Worse	0%
Average Price/Cash Flow (MRFY):	10.9	7.8	Better	100%
Average PEG (TTM):	9.1	NA		
Average Debt To Equity (MRQ):	62.0%	0.0%	Better	100%
Average Net Profit Margin (MRFY):	0.2%	8.0%	Better	100%
Average Return On Equity (TTM):	11.5%	16.2%	Better	100%
Average Return On Assets (MRFY):	3.4%	10.6%	Better	100%
Average Quick Ratio (MRQ):	1.7	NA		
Average Current Ratio (MRQ):	2.0	4.4	Better	100%
Average Cash Flow Per Share (TTM):	\$3.26	\$4.13	Better	100%

Average (Certainty Rating): 92%

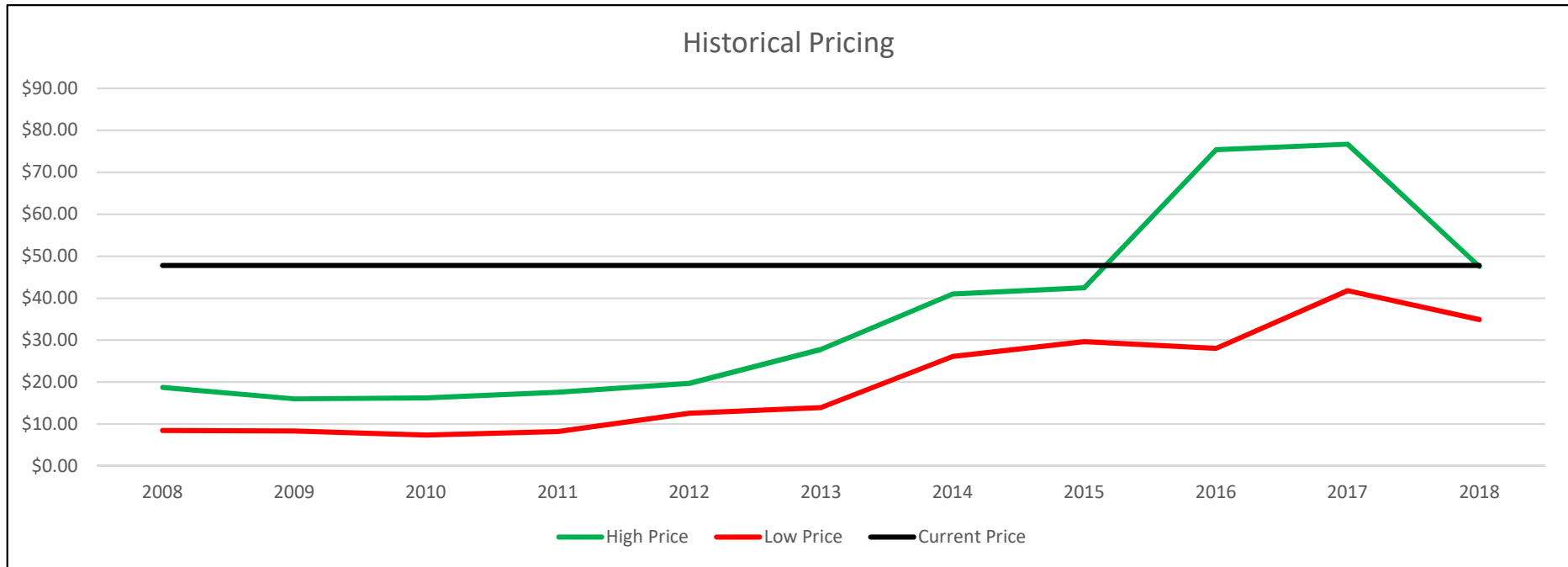
Explanation: NA

Test #3 - PRICE HISTORY COMPARE - Is it a good deal based on its own history? "Price is what you pay, value is what you get!"

Compare a variety of financial valuation metrics of the company against the historical prices of the company to ensure a margin of safety.

Historical Pricing					Max Price Movements		
Year	High Price	Low Price	Volume	Shares Out		Drawdown	Gain
2008	\$18.74	\$8.50	22,232	13,000,000	0%	55%	120%
2009	\$16.00	\$8.37	17,657	14,000,000	0%	48%	91%
2010	\$16.26	\$7.40	21,238	14,000,000	0%	54%	120%
2011	\$17.55	\$8.20	19,649	14,000,000	0%	53%	114%
2012	\$19.71	\$12.59	67,559	14,000,000	0%	36%	57%
2013	\$27.76	\$13.90	69,853	14,000,000	0%	50%	100%
2014	\$40.99	\$26.09	105,602	14,000,000	1%	36%	57%
2015	\$42.50	\$29.63	106,904	15,000,000	1%	30%	43%
2016	\$75.35	\$28.03	162,755	16,000,000	1%	63%	169%
2017	\$76.70	\$41.79	179,115	16,000,000	1%	46%	84%
2018	\$47.53	\$34.90	198,335	16,000,000	1%	27%	36%

Average:	\$36.28	\$19.95		45%	82%
Max:	\$76.70	\$41.79		46%	84%
Min:	\$16.00	\$7.40		54%	116%
AT High vs. AT Low:	\$76.70	\$7.40		90%	936%



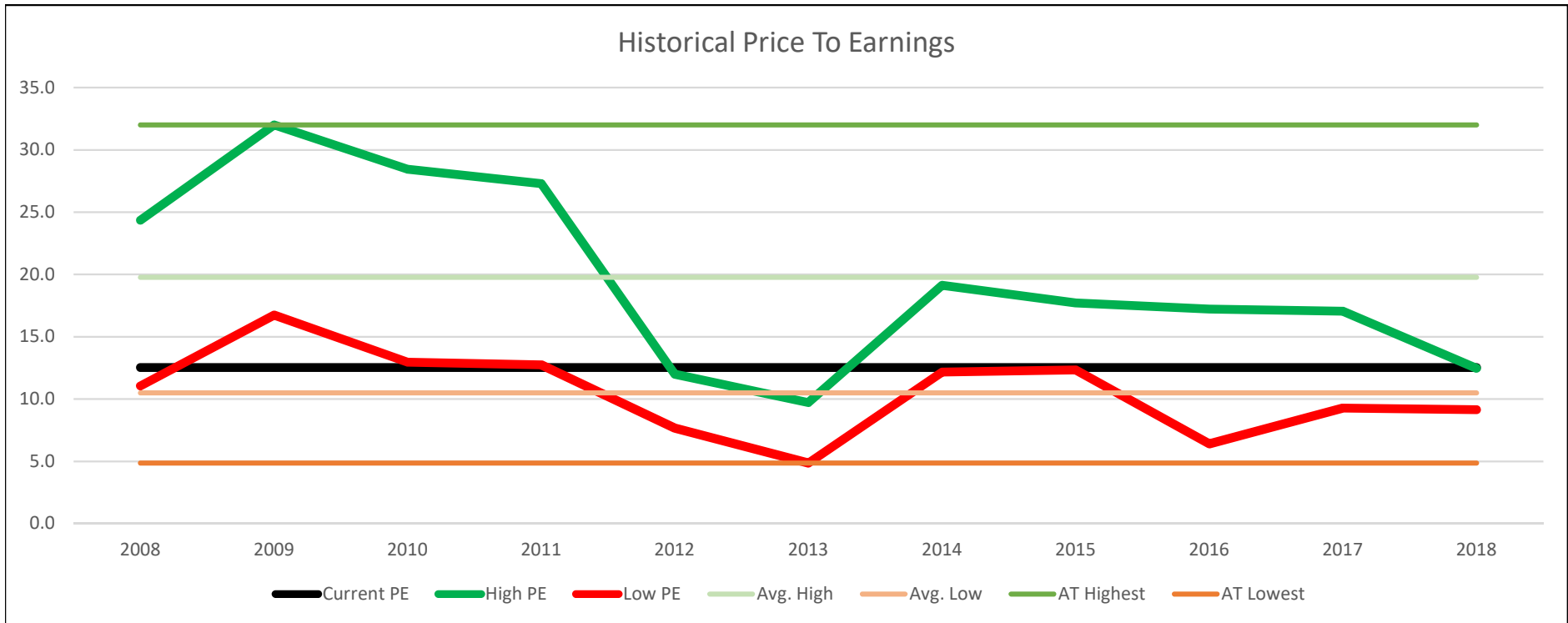
Explanation: [NA](#)

Price To Earnings Over Time

Price to Earnings Over Time				
Year	EPS	Earnings	High PE	Low PE
2008	\$0.77	\$10,000,000	24.4	11.1
2009	\$0.50	\$7,000,000	32.0	16.7
2010	\$0.57	\$8,000,000	28.5	13.0
2011	\$0.64	\$9,000,000	27.3	12.8
2012	\$1.64	\$23,000,000	12.0	7.7
2013	\$2.86	\$40,000,000	9.7	4.9
2014	\$2.14	\$30,000,000	19.1	12.2
2015	\$2.40	\$36,000,000	17.7	12.3
2016	\$4.38	\$70,000,000	17.2	6.4
2017	\$4.50	\$72,000,000	17.0	9.3
2018	\$3.81	\$61,000,000	12.5	9.2

Average:	\$2.20	\$33,272,727	19.8	10.5
Max:	\$4.50	\$72,000,000	32.0	16.7
Min:	\$0.50	\$7,000,000	9.7	4.9

Certainty Rating	90%
------------------	-----



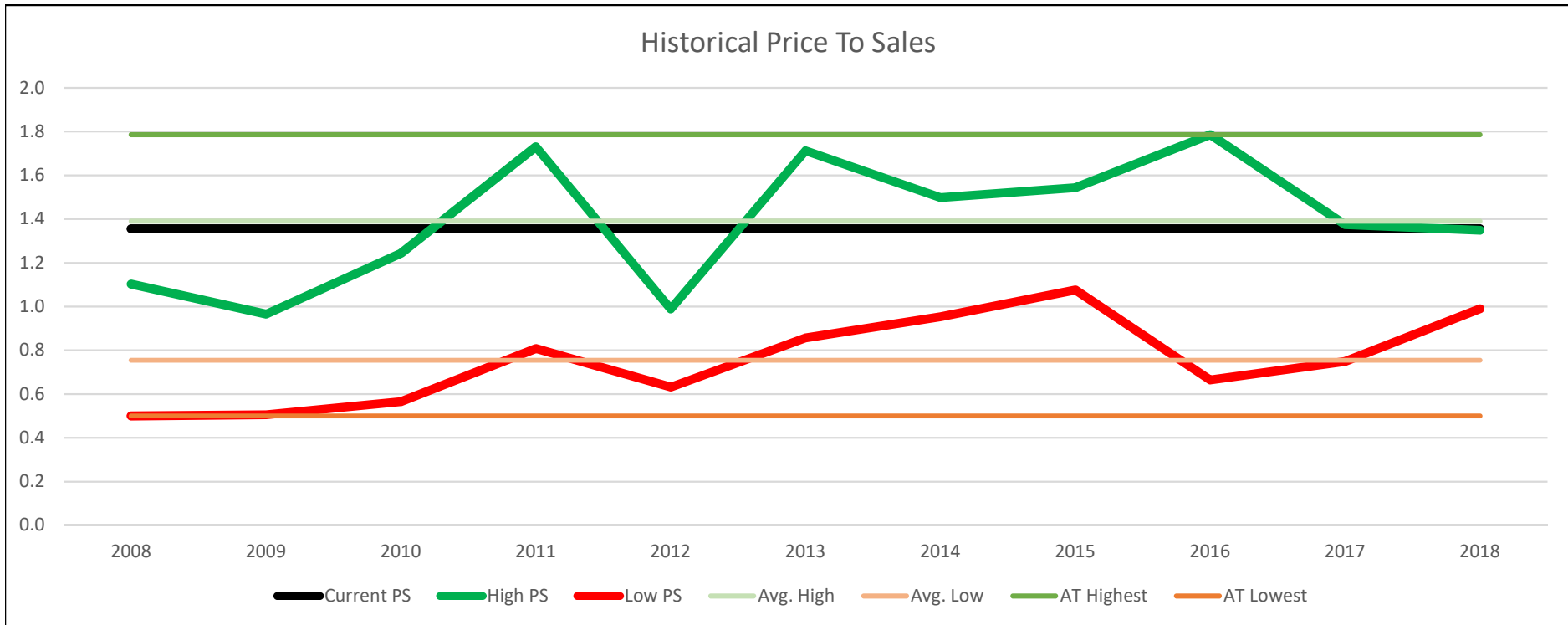
Explanation: At 12.5x it is trading near the average low of 10.5x

Price To Sales Over Time

Price to Sales Over Time				
Year	SPS	Sales	High PS	Low PS
2008	\$17.00	\$221,000,000	1.1	0.5
2009	\$16.57	\$232,000,000	1.0	0.5
2010	\$13.07	\$183,000,000	1.2	0.6
2011	\$10.14	\$142,000,000	1.7	0.8
2012	\$19.93	\$279,000,000	1.0	0.6
2013	\$16.21	\$227,000,000	1.7	0.9
2014	\$27.36	\$383,000,000	1.5	1.0
2015	\$27.53	\$413,000,000	1.5	1.1
2016	\$42.19	\$675,000,000	1.8	0.7
2017	\$55.81	\$893,000,000	1.4	0.7
2018	\$35.25	\$564,000,000	1.3	1.0

Average:	\$25.55	\$382,909,091	1.4	0.8
Max:	\$55.81	\$893,000,000	1.8	1.1
Min:	\$10.14	\$142,000,000	1.0	0.5

Certainty Rating	25%
------------------	-----



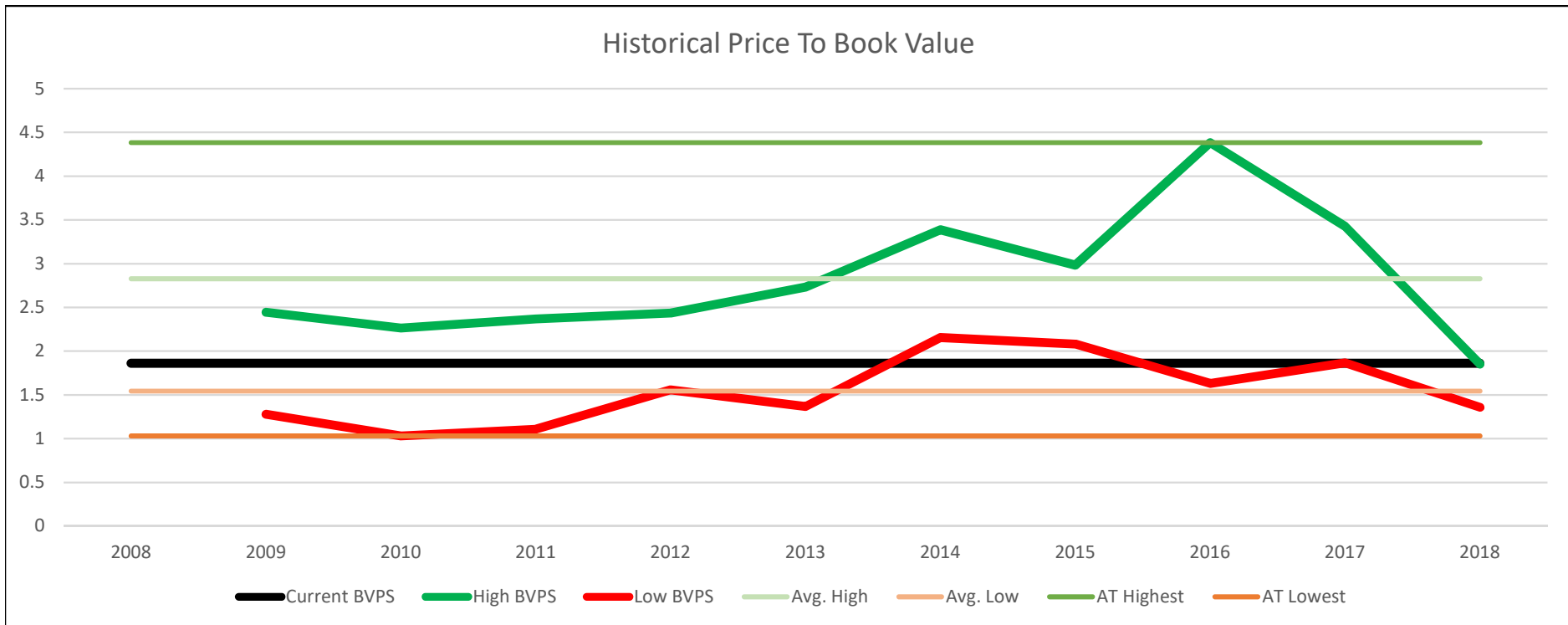
Explanation: At 1.4x this is trading at near the average high.

Price To Book Over Time

Price to Book Over Time				
Year	BVPS	Book Value	High BVPS	Low BVPS
2008				
2009	\$6.54	\$91,560,000	2.4	1.3
2010	\$7.18	\$100,520,000	2.3	1.0
2011	\$7.41	\$103,740,000	2.4	1.1
2012	\$8.09	\$113,260,000	2.4	1.6
2013	\$10.16	\$142,240,000	2.7	1.4
2014	\$12.10	\$169,400,000	3.4	2.2
2015	\$14.24	\$213,600,000	3.0	2.1
2016	\$17.19	\$275,040,000	4.4	1.6
2017	\$22.37	\$357,920,000	3.4	1.9
2018	\$25.66	\$410,560,000	1.9	1.4

Average:	\$13.09	\$197,784,000	2.8	1.5
Max:	\$25.66	\$410,560,000	4.4	2.2
Min:	\$6.54	\$91,560,000	1.9	1.0

Certainty Rating	90%
------------------	-----



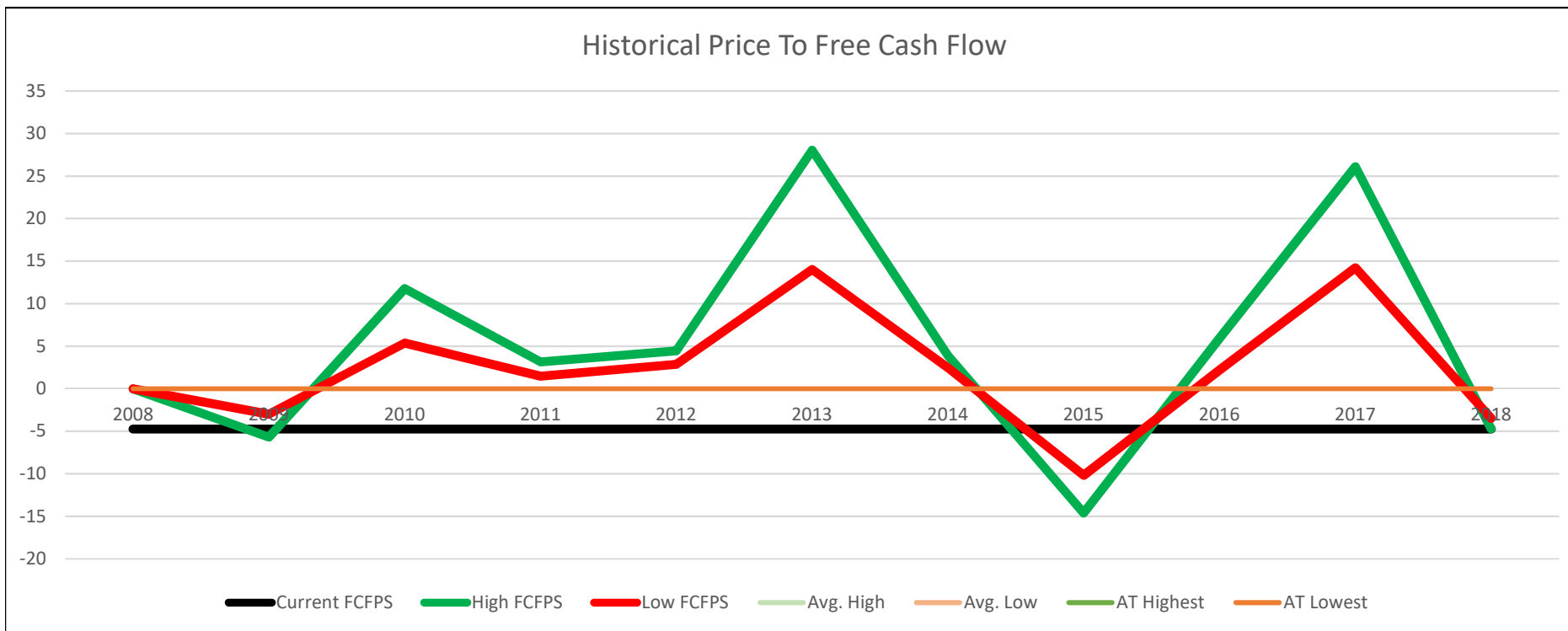
Explanation: At 1.9x this is near the average low of 1.5x and well off the high of 2.8x.

Price To Free Cash Flow Over Time

Price to Free Cash Flow Over Time				
Year	FCFPS	Free Cash Flow	High FCFPS	Low FCFPS
2008	\$0.00	\$0	#DIV/0!	#DIV/0!
2009	-\$2.81	-\$39,340,000	-5.7	-3.0
2010	\$1.38	\$19,320,000	11.8	5.4
2011	\$5.58	\$78,120,000	3.1	1.5
2012	\$4.41	\$61,740,000	4.5	2.9
2013	\$0.99	\$13,860,000	28.0	14.0
2014	\$10.58	\$148,120,000	3.9	2.5
2015	-\$2.91	-\$43,650,000	-14.6	-10.2
2016	\$12.68	\$202,880,000	5.9	2.2
2017	\$2.94	\$47,040,000	26.1	14.2
2018	-\$10.08	-\$161,335,902	-4.7	-3.5

Average:	\$2.07	\$29,704,918	#DIV/0!	#DIV/0!
Max:	\$12.68	\$202,880,000	#DIV/0!	#DIV/0!
Min:	-\$10.08	-\$161,335,902	#DIV/0!	#DIV/0!

Certainty Rating	0%
------------------	----



Explanation: This company doesn't hold debt and will have pretty wild swings in cash flows due to project timing. Negative now due to decreasing revenue and declining pipeline. Regardless, no certainty whatsoever here.

Test #4 - VALUATION SCENARIOS - 1) Best Case, 2) Stress Test (50% Reduction In Expected) 3) Last 10 Year Earnings Average.

Since Valuation Models Can Be Made To Spit Out Any Result Anyone Wants We Make Sure To Run Several Conservative Scenarios. Multiples Of RFRR Are Good.

Best Case (with expected growth)

Net Present Value Calculator (AKA Ben Graham Formula) (Run Assuming Zero Growth)

20-year AAA Corporate Bond Rate	4.0%	https://fred.stlouisfed.org/series/AAA	Last Updated:	1/3/19
EPS	\$2.74			
Constant PE (0% perpetual growth)	8.5			
Company's Perpetual Growth Rate	0.0%			
Minimum Risk Free Rate of Return	2.4%	https://fred.stlouisfed.org/series/TB3MS	Last Updated:	1/3/19
Graham's Intrinsic Value (Original Formula)	\$23.29			
% of Current Price	49%	DON'T BUY - Current Price is Above IV		
Graham's Intrinsic Value (Revised Formula)	\$39.50			
% of Current Price	83%	DON'T BUY - Current Price is Above IV		

5 Year Discounted Free Cash Flow (Owners Earnings) Calculator (AKA NPV) (Run Assuming Expected Growth)

Perpetual Growth Rate	0.0%	Explanation:	NA			
		Discount Rate/WACC	PV of CFs	+ Terminal Value	= PV	
Morningstar Current	\$1.85	3.8%	\$8.27	\$49.21	\$47.73	0.1%
Brokerage CF (TTM)	\$2.28	4.6%	\$9.96	\$49.47	\$47.73	0.1%
		4.2%				

Explanation: NA

10 Year NPV of Future Cashflows (Run Assuming Updated EPS (using best case future annual estimate) & DPS and Expected Growth)

Return On Shareholder's Equity	11.9%	
Retained To Equity	11.9%	100%
Dividends Percent	0.0%	

Current and Projected Shareholder Equity and Projected Earnings

	Equity Base	EquityPS	Earnings	EarningsPS	Dividends	DivsPS	Added To Base	RetainedPS
2018	\$358,888,500	\$23.05	\$42,661,800	\$2.74	\$0	\$0.00	\$42,661,800	\$2.74
2019	\$401,550,300	\$25.79	\$42,661,800	\$2.74	\$0	\$0.00	\$42,661,800	\$2.74
2020	\$444,212,100	\$28.53	\$42,661,800	\$2.74	\$0	\$0.00	\$42,661,800	\$2.74
2021	\$486,873,900	\$31.27	\$42,661,800	\$2.74	\$0	\$0.00	\$42,661,800	\$2.74
2022	\$529,535,700	\$34.01	\$42,661,800	\$2.74	\$0	\$0.00	\$42,661,800	\$2.74
2023	\$572,197,500	\$36.75	\$42,661,800	\$2.74	\$0	\$0.00	\$42,661,800	\$2.74
2024	\$614,859,300	\$39.49	\$42,661,800	\$2.74	\$0	\$0.00	\$42,661,800	\$2.74
2025	\$657,521,100	\$42.23	\$42,661,800	\$2.74	\$0	\$0.00	\$42,661,800	\$2.74

2026	\$700,182,900	\$44.97	\$42,661,800	\$2.74	\$0	\$0.00	\$42,661,800	\$2.74
2027	\$742,844,700	\$47.71	\$42,661,800	\$2.74	\$0	\$0.00	\$42,661,800	\$2.74
2028	\$785,506,500	\$50.45	\$42,661,800	\$2.74	\$0	\$0.00	\$42,661,800	\$2.74

NPV of future cashflows	\$271.57	1% In Money
	\$134.84	2% In Money
	\$89.41	3% In Money
	\$66.79	4% In Money
	\$53.27	5% In Money
	\$44.30	6% Too Expensive
	\$37.93	7% Too Expensive
	\$33.16	8% Too Expensive
	\$29.47	9% Too Expensive
	\$26.53	10% Too Expensive
	\$24.13	11% Too Expensive
	\$22.13	12% Too Expensive
	\$20.44	13% Too Expensive
	\$19.00	14% Too Expensive
	\$17.75	15% Too Expensive
	\$16.66	16% Too Expensive
	\$15.70	17% Too Expensive
	\$14.85	18% Too Expensive
	\$14.08	19% Too Expensive
	\$13.39	20% Too Expensive
	\$12.77	21% Too Expensive
	\$12.20	22% Too Expensive
	\$11.68	23% Too Expensive
	\$11.21	24% Too Expensive
	\$10.77	25% Too Expensive

Explanation: [Using the average of the analyst for the coming two years.](#)

Expected Return - 5 Year DCF	4.2%
Expected Return - 10 NPV Cash Flows	5%
Expected Return Average	4.6%

Hurdle Returns (vs. Risk Free)		
2.4%	0x	0%
4.7%	1x	15%
7.1%	2x	30%
9.5%	3x	45%
11.9%	4x	60%
14.2%	5x	75%
16.6%	6x	90%
19.0%	7x	105%
21.3%	8x	120%

Certainty Rating	
49%	Graham's Intrinsic Value (Original Formula)
83%	Graham's Intrinsic Value (Revised Formula)
15%	5 Year Discounted Free Cash Flow
30%	10 Year NPV of Future Cashflows
15%	Average
38%	Total

Explanation: [NA](#)

Stress Test (50% Reduction In Expected) (with zero growth)

Net Present Value Calculator (AKA Ben Graham Formula) (Run Assuming Zero Growth)

20-year AAA Corporate Bond Rate	4.0%	https://fred.stlouisfed.org/series/AAA	Last Updated:	1/3/19
EPS	\$1.05			
Constant PE (0% perpetual growth)	8.5			
Company's Perpetual Growth Rate	0.0%			
Minimum Risk Free Rate of Return	2.4%	https://fred.stlouisfed.org/series/TB3MS	Last Updated:	1/3/19
Graham's Intrinsic Value (Original Formula)	\$8.93			
% of Current Price	19%	DON'T BUY - Current Price is Above IV		
Graham's Intrinsic Value (Revised Formula)	\$15.14			
% of Current Price	32%	DON'T BUY - Current Price is Above IV		

5 Year Discounted Free Cash Flow (Owners Earnings) Calculator (AKA NPV) (Run Assuming Zero Growth)

Perpetual Growth Rate	0.0%	Explanation:	Run at zero perpetual growth to be super conservative.			
		Discount Rate/WACC	PV of CFs	+ Terminal Value	= PV	
Morningstar Current	\$1.85	3.8%	\$8.27	\$49.21	\$47.73	0.1%
Brokerage CF (TTM)	\$2.28	4.6%	\$9.96	\$49.47	\$47.73	0.1%
		4.2%				

Explanation: NA

10 Year NPV of Future Cashflows (Run Assuming Updated EPS (using 1/2 best case future annual estimate) & DPS and Zero Growth)

Return On Shareholder's Equity	4.6%	
Retained To Equity	4.6%	100%
Dividends Percent	0.0%	

Current and Projected Shareholder Equity and Projected Earnings

	Equity Base	EquityPS	Earnings	EarningsPS	Dividends	DivsPS	Added To Base	RetainedPS
2018	\$358,888,500	\$23.05	\$16,348,500	\$1.05	\$0	\$0.00	\$16,348,500	\$1.05
2019	\$375,237,000	\$24.10	\$16,348,500	\$1.05	\$0	\$0.00	\$16,348,500	\$1.05
2020	\$391,585,500	\$25.15	\$16,348,500	\$1.05	\$0	\$0.00	\$16,348,500	\$1.05
2021	\$407,934,000	\$26.20	\$16,348,500	\$1.05	\$0	\$0.00	\$16,348,500	\$1.05
2022	\$424,282,500	\$27.25	\$16,348,500	\$1.05	\$0	\$0.00	\$16,348,500	\$1.05
2023	\$440,631,000	\$28.30	\$16,348,500	\$1.05	\$0	\$0.00	\$16,348,500	\$1.05
2024	\$456,979,500	\$29.35	\$16,348,500	\$1.05	\$0	\$0.00	\$16,348,500	\$1.05
2025	\$473,328,000	\$30.40	\$16,348,500	\$1.05	\$0	\$0.00	\$16,348,500	\$1.05
2026	\$489,676,500	\$31.45	\$16,348,500	\$1.05	\$0	\$0.00	\$16,348,500	\$1.05
2027	\$506,025,000	\$32.50	\$16,348,500	\$1.05	\$0	\$0.00	\$16,348,500	\$1.05
2028	\$522,373,500	\$33.55	\$16,348,500	\$1.05	\$0	\$0.00	\$16,348,500	\$1.05

NPV of future cashflows	\$104.07	1% In Money
	\$51.67	2% In Money
	\$34.26	3% Too Expensive
	\$25.59	4% Too Expensive
	\$20.42	5% Too Expensive
	\$16.98	6% Too Expensive
	\$14.53	7% Too Expensive
	\$12.71	8% Too Expensive
	\$11.29	9% Too Expensive
	\$10.17	10% Too Expensive
	\$9.25	11% Too Expensive
	\$8.48	12% Too Expensive
	\$7.83	13% Too Expensive
	\$7.28	14% Too Expensive
	\$6.80	15% Too Expensive
	\$6.39	16% Too Expensive
	\$6.02	17% Too Expensive
	\$5.69	18% Too Expensive
	\$5.40	19% Too Expensive
	\$5.13	20% Too Expensive
	\$4.89	21% Too Expensive
	\$4.68	22% Too Expensive
	\$4.48	23% Too Expensive
	\$4.30	24% Too Expensive
	\$4.13	25% Too Expensive

Explanation: [NA](#)

Expected Return - 5 Year DCF	4.2%
Expected Return - 10 NPV Cash Flows	2%
Expected Return Average	3.1%

Hurdle Returns (vs. Risk Free)		
2.4%	0x	0%
4.7%	1x	15%
7.1%	2x	30%
9.5%	3x	45%
11.9%	4x	60%
14.2%	5x	75%
16.6%	6x	90%
19.0%	7x	105%
21.3%	8x	120%

Certainty Rating	
19%	Graham's Intrinsic Value (Original Formula)
32%	Graham's Intrinsic Value (Revised Formula)
15%	5 Year Discounted Free Cash Flow
0%	10 Year NPV of Future Cashflows
15%	Average
16%	Total

Explanation: [NA](#)

Last 10 Year Earnings Average (with zero growth)

20-year AAA Corporate Bond Rate	4.0%	https://fred.stlouisfed.org/series/AAA	Last Updated:	1/3/19
EPS	\$2.20			
Constant PE (0% perpetual growth)	8.5			
Company's Perpetual Growth Rate	0.0%			
Minimum Risk Free Rate of Return	2.4%	https://fred.stlouisfed.org/series/TB3MS	Last Updated:	1/3/19
Graham's Intrinsic Value (Original Formula)	\$18.71			
% of Current Price	39%	DON'T BUY - Current Price is Above IV		
Graham's Intrinsic Value (Revised Formula)	\$31.74			
% of Current Price	66%	DON'T BUY - Current Price is Above IV		

5 Year Discounted Free Cash Flow (Owners Earnings) Calculator (AKA NPV) (Run Assuming Zero Growth)

Perpetual Growth Rate	0.0%	Explanation:	Run at zero perpetual growth to be super conservative.			
	Discount Rate/WACC	PV of CFs	+ Terminal Value	= PV		
Morningstar Current	\$1.85	3.8%	\$8.27	\$49.21	\$47.73	0.1%
Brokerage CF (TTM)	\$2.28	4.6%	\$9.96	\$49.47	\$47.73	0.1%
		4.2%				

Explanation: NA

10 Year NPV of Future Cashflows (Run Assuming Updated EPS (using 1/2 best case future annual estimate) & DPS and Zero Growth)

Return On Shareholder's Equity	9.5%	
Retained To Equity	9.5%	100%
Dividends Percent	0.0%	

Current and Projected Shareholder Equity and Projected Earnings

	Equity Base	EquityPS	Earnings	EarningsPS	Dividends	DivsPS	Added To Base	RetainedPS
2018	\$358,888,500	\$23.05	\$34,273,637	\$2.20	\$0	\$0.00	\$34,273,637	\$2.20
2019	\$393,162,137	\$25.25	\$34,273,637	\$2.20	\$0	\$0.00	\$34,273,637	\$2.20
2020	\$427,435,775	\$27.45	\$34,273,637	\$2.20	\$0	\$0.00	\$34,273,637	\$2.20
2021	\$461,709,412	\$29.65	\$34,273,637	\$2.20	\$0	\$0.00	\$34,273,637	\$2.20
2022	\$495,983,050	\$31.86	\$34,273,637	\$2.20	\$0	\$0.00	\$34,273,637	\$2.20
2023	\$530,256,687	\$34.06	\$34,273,637	\$2.20	\$0	\$0.00	\$34,273,637	\$2.20
2024	\$564,530,325	\$36.26	\$34,273,637	\$2.20	\$0	\$0.00	\$34,273,637	\$2.20
2025	\$598,803,962	\$38.46	\$34,273,637	\$2.20	\$0	\$0.00	\$34,273,637	\$2.20
2026	\$633,077,600	\$40.66	\$34,273,637	\$2.20	\$0	\$0.00	\$34,273,637	\$2.20
2027	\$667,351,237	\$42.86	\$34,273,637	\$2.20	\$0	\$0.00	\$34,273,637	\$2.20
2028	\$701,624,875	\$45.06	\$34,273,637	\$2.20	\$0	\$0.00	\$34,273,637	\$2.20

NPV of future cashflows \$218.17 1% In Money

Last 10 Years Earnings

\$108.33	2% In Money
\$71.83	3% In Money
\$53.66	4% In Money
\$42.80	5% Too Expensive
\$35.59	6% Too Expensive
\$30.47	7% Too Expensive
\$26.64	8% Too Expensive
\$23.68	9% Too Expensive
\$21.31	10% Too Expensive
\$19.38	11% Too Expensive
\$17.78	12% Too Expensive
\$16.42	13% Too Expensive
\$15.27	14% Too Expensive
\$14.26	15% Too Expensive
\$13.39	16% Too Expensive
\$12.61	17% Too Expensive
\$11.93	18% Too Expensive
\$11.31	19% Too Expensive
\$10.76	20% Too Expensive
\$10.26	21% Too Expensive
\$9.80	22% Too Expensive
\$9.39	23% Too Expensive
\$9.01	24% Too Expensive
\$8.65	25% Too Expensive

Year	EPS	Earnings	Shares Out
2008	\$0.77	\$10,000,000	13,000,000
2009	\$0.50	\$7,000,000	14,000,000
2010	\$0.57	\$8,000,000	14,000,000
2011	\$0.64	\$9,000,000	14,000,000
2012	\$1.64	\$23,000,000	14,000,000
2013	\$2.86	\$40,000,000	14,000,000
2014	\$2.14	\$30,000,000	14,000,000
2015	\$2.40	\$36,000,000	15,000,000
2016	\$4.38	\$70,000,000	16,000,000
2017	\$4.50	\$72,000,000	16,000,000
2018	\$3.81	\$61,000,000	16,000,000
Average EPS	\$2.20		

Explanation: [NA](#)

Expected Return - 5 Year DCF	4.2%
Expected Return - 10 NPV Cash Flows	4%
Expected Return Average	4.1%

Hurdle Returns (vs. Risk Free)		
2.4%	0x	0%
4.7%	1x	15%
7.1%	2x	30%
9.5%	3x	45%
11.9%	4x	60%
14.2%	5x	75%
16.6%	6x	90%
19.0%	7x	105%
21.3%	8x	120%

Certainty Rating	
39%	Graham's Intrinsic Value (Original Formula)
66%	Graham's Intrinsic Value (Revised Formula)
15%	5 Year Discounted Free Cash Flow
15%	10 Year NPV of Future Cashflows
15%	Average
30%	Total

Explanation: [NA](#)

Valuation Scenarios Summary

Test #1 - Expected Case (with zero growth)

55% Weighting

Expected Return - 5 Year DCF	4.2%
Expected Return - 10 NPV Cash Flows	4.0%
Expected Return Total	4.1%
Certainty Rating	29%

Test #2 - Best Case (with expected growth)

15% Weighting

Expected Return - 5 Year DCF	4.2%
Expected Return - 10 NPV Cash Flows	5.0%
Expected Return Total	4.6%
Certainty Rating	38%

Test #2 - Stress Test (50% Reduction In Expected Case)

15% Weighting

Expected Return - 5 Year DCF	4.2%
Expected Return - 10 NPV Cash Flows	2.0%
Expected Return Total	3.1%
Certainty Rating	16%

Test #2 - Last 10 Year Earnings Average (with zero growth)

15% Weighting

Expected Return - 5 Year DCF	4.2%
Expected Return - 10 NPV Cash Flows	4.0%
Expected Return Total	4.1%
Certainty Rating	30%

Consolidation Of All Scenarios (Weighted)

Expected Return - 5 Year DCF	4.2%
Expected Return - 10 NPV Cash Flows	3.9%
Expected Return Total	4.0%
Certainty Rating	29%

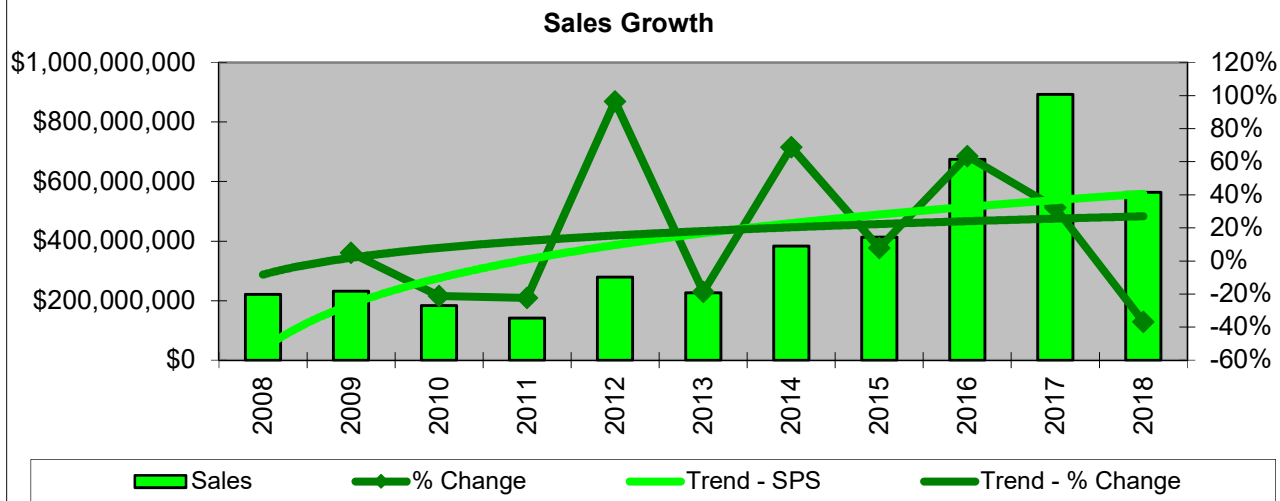
Test #5 - FINANCIALS REVIEW - Review Of 10 Year Financial Trends For Key Metrics

Tells Us The Business Has Pricing Power, History Of Success, Growth, Rate Of Growth, And Our Initial Rate Of Return.

Growing Sales & Growing Earnings - Earnings and Sales are 1) Consistent, 2) Strong, and 3) Growing At A Steady Rate.

Year	Sales	
2008	\$221,000,000	
2009	\$232,000,000	5%
2010	\$183,000,000	-21%
2011	\$142,000,000	-22%
2012	\$279,000,000	96%
2013	\$227,000,000	-19%
2014	\$383,000,000	69%
2015	\$413,000,000	8%
2016	\$675,000,000	63%
2017	\$893,000,000	32%
2018	\$564,000,000	-37%

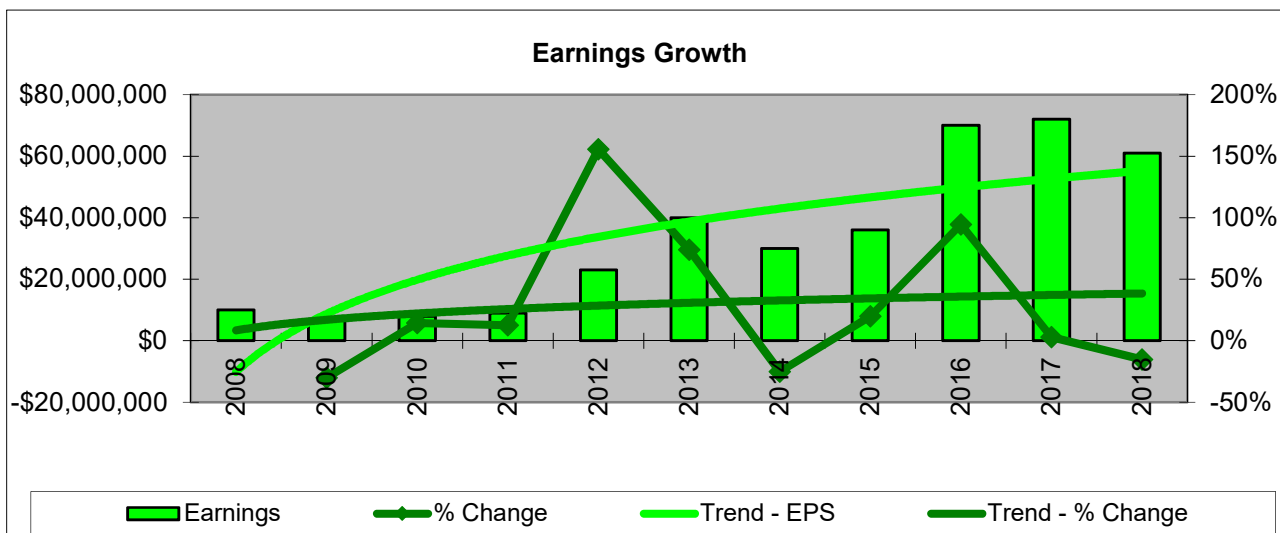
Certainty Rating: 65%



Explanation: Generally up over time but down pretty sharply from 2017 peak.

Year	Earnings	
2008	\$10,000,000	
2009	\$7,000,000	-30%
2010	\$8,000,000	14%
2011	\$9,000,000	13%
2012	\$23,000,000	156%
2013	\$40,000,000	74%
2014	\$30,000,000	-25%
2015	\$36,000,000	20%
2016	\$70,000,000	94%
2017	\$72,000,000	3%
2018	\$61,000,000	-15%

Certainty Rating: 80%



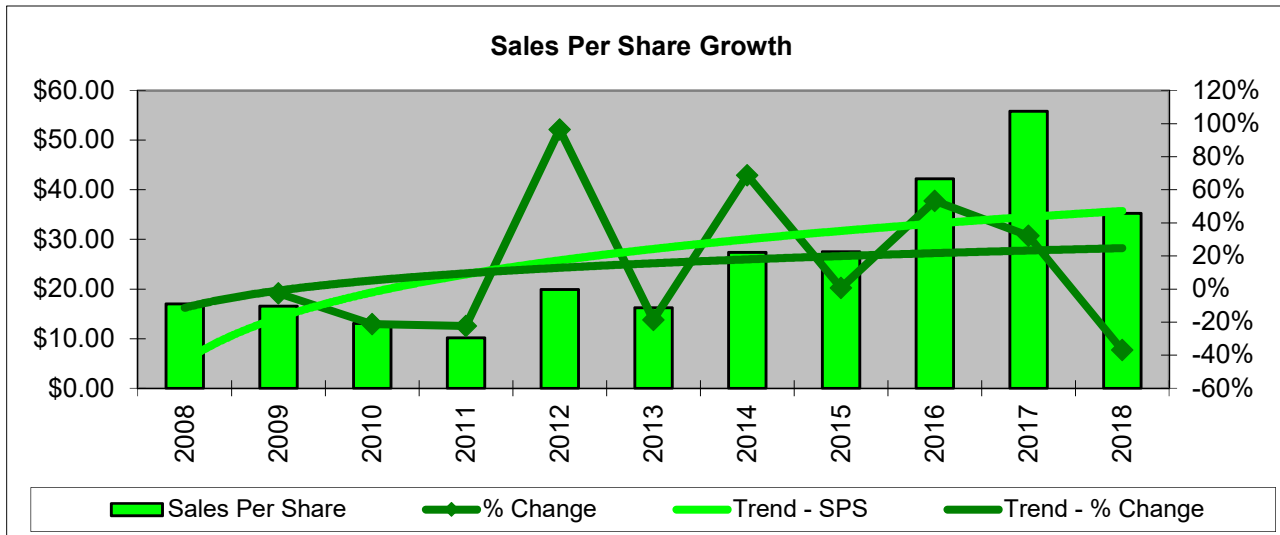
Explanation: Ditto but earnings have not fallen off as much as sales have so far.

SPS & EPS - Earnings are 1) Consistent, 2) Strong, and 3) Growing At A Steady Rate. Ideally Closely Matching Growing Sales.

Year	Sales Per Share	
2008	\$17.00	
2009	\$16.57	-3%
2010	\$13.07	-21%
2011	\$10.14	-22%
2012	\$19.93	96%
2013	\$16.21	-19%
2014	\$27.36	69%
2015	\$27.53	1%
2016	\$42.19	53%
2017	\$55.81	32%
2018	\$35.25	-37%

Certainty Rating: **65%**

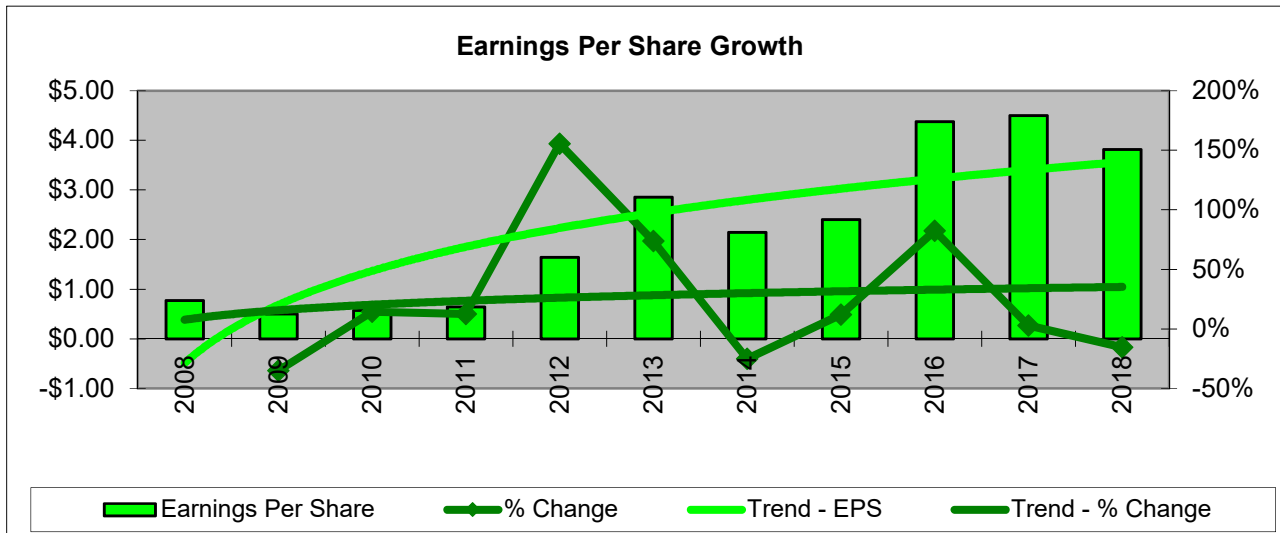
Explanation: [Ditto.](#)



Year	Earnings Per Share	
2008	\$0.77	
2009	\$0.50	-35%
2010	\$0.57	14%
2011	\$0.64	13%
2012	\$1.64	156%
2013	\$2.86	74%
2014	\$2.14	-25%
2015	\$2.40	12%
2016	\$4.38	82%
2017	\$4.50	3%
2018	\$3.81	-15%

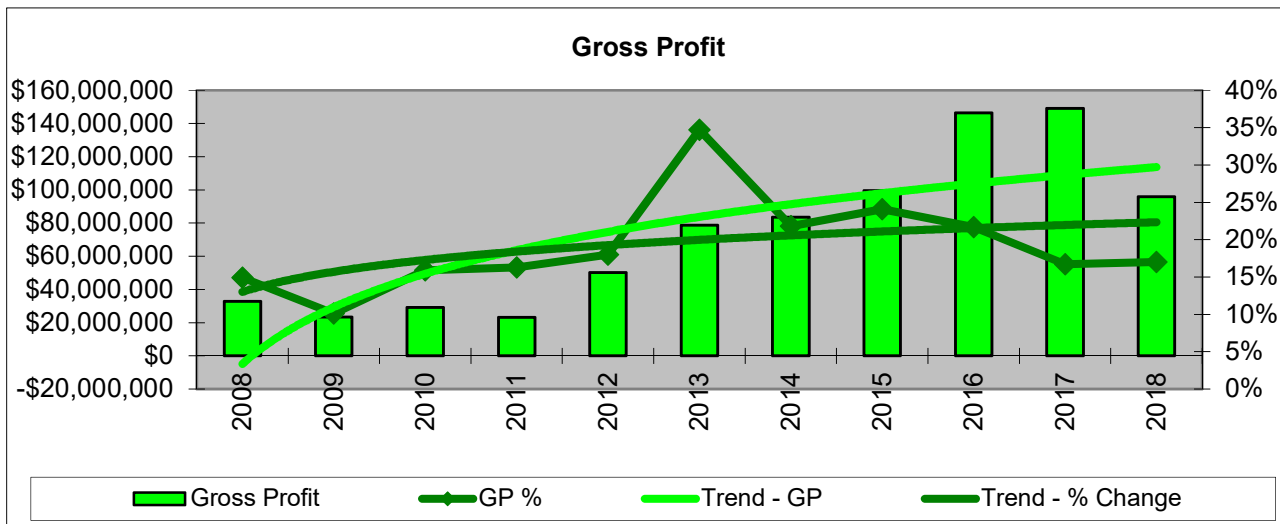
Certainty Rating: **80%**

Explanation: [Ditto.](#)



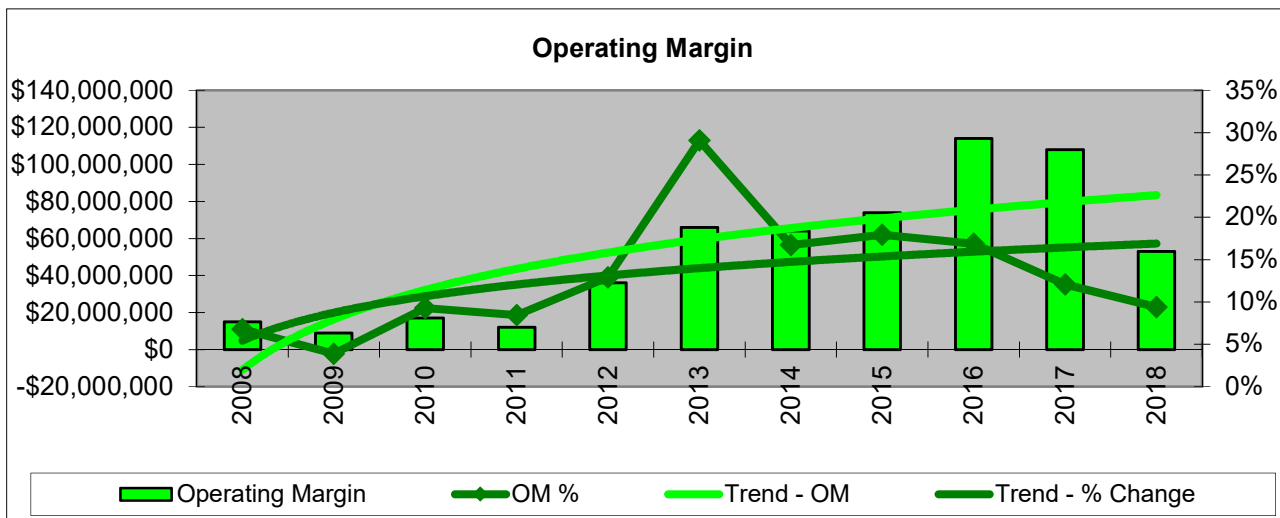
Margins - Are 1) Consistent, 2) Strong, and 3) Growing At A Steady Rate.

Year	Gross Profit	
2008	\$32,929,000	15%
2009	\$23,432,000	10%
2010	\$29,097,000	16%
2011	\$23,146,000	16%
2012	\$50,220,000	18%
2013	\$78,769,000	35%
2014	\$83,494,000	22%
2015	\$99,533,000	24%
2016	\$146,475,000	22%
2017	\$149,131,000	17%
2018	\$95,880,000	17%
Average:		19%
High:		35%
Low:		10%
Certainty Rating:		70%



Explanation: Margins are a bit lower than normal average levels but down pretty significantly off highs.

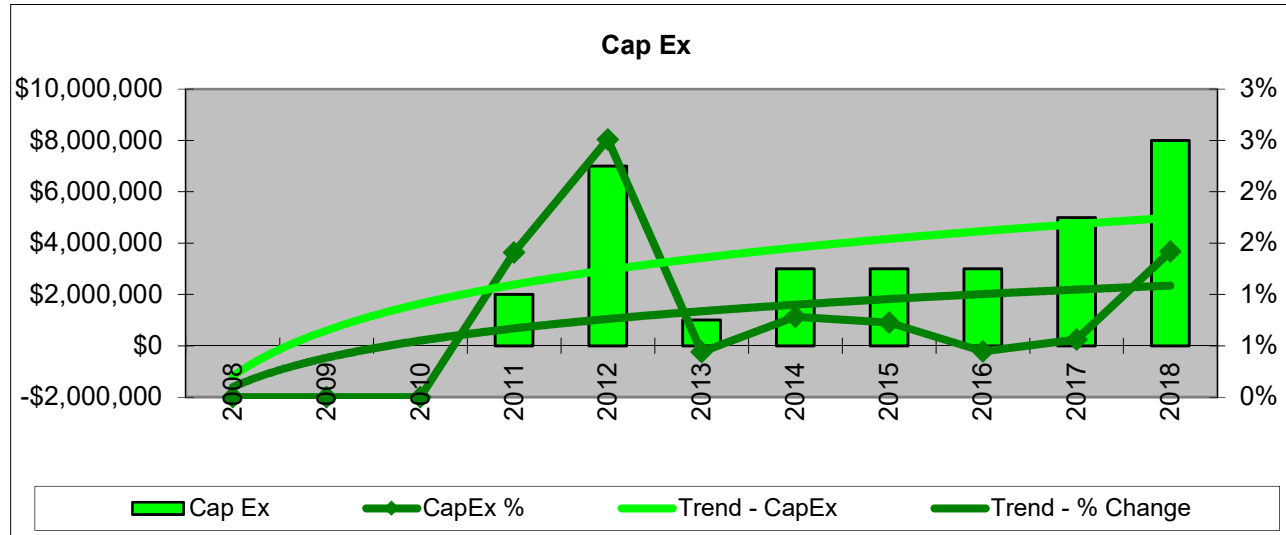
Year	Operating Margin	
2008	\$15,000,000	7%
2009	\$9,000,000	4%
2010	\$17,000,000	9%
2011	\$12,000,000	8%
2012	\$36,000,000	13%
2013	\$66,000,000	29%
2014	\$64,000,000	17%
2015	\$74,000,000	18%
2016	\$114,000,000	17%
2017	\$108,000,000	12%
2018	\$53,000,000	9%
Average:		13%
High:		29%
Low:		4%
Certainty Rating:		70%



Explanation: Following gross margins

Cap Ex - Is Consistent.

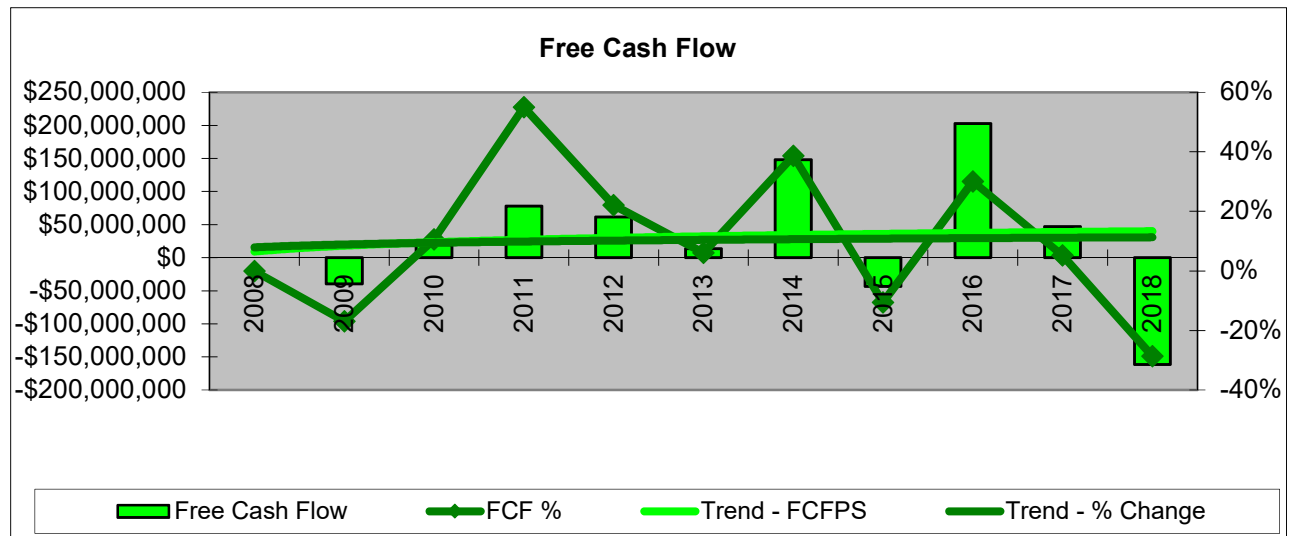
Year	Cap Ex	
2008	\$0	0%
2009	\$0	0%
2010	\$0	0%
2011	\$2,000,000	1%
2012	\$7,000,000	3%
2013	\$1,000,000	0%
2014	\$3,000,000	1%
2015	\$3,000,000	1%
2016	\$3,000,000	0%
2017	\$5,000,000	1%
2018	\$8,000,000	1%
Average:		1%
High:		3%
Low:		0%
Certainty Rating:		100%



Explanation: Their Cap Ex is negligible.

Free Cash Flow - Is 1) Consistent, 2) Strong, and 3) Growing At A Steady Rate.

Year	Free Cash Flow	
2008	\$0	0%
2009	-\$39,340,000	-17%
2010	\$19,320,000	11%
2011	\$78,120,000	55%
2012	\$61,740,000	22%
2013	\$13,860,000	6%
2014	\$148,120,000	39%
2015	-\$43,650,000	-11%
2016	\$202,880,000	30%
2017	\$47,040,000	5%
2018	-\$161,335,902	-29%
Average:		10%
High:		55%
Low:		-29%
Certainty Rating:		0%



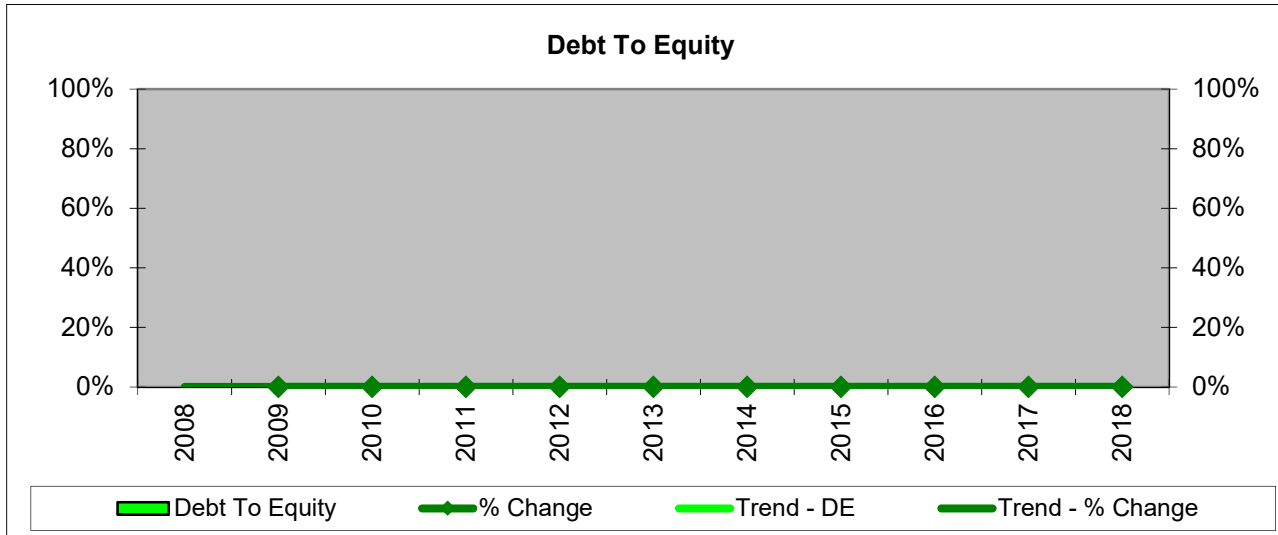
Explanation: Again, construction business doesn't really generate free cash flow...it is just money in, money out.

Debt To Equity - Is 1) Consistent, and 2) Low (and/or Lowering Quickly).

Year	Debt To Equity	
2008	0%	
2009	0%	#DIV/0!
2010	0%	#DIV/0!
2011	0%	#DIV/0!
2012	0%	#DIV/0!
2013	0%	#DIV/0!
2014	0%	#DIV/0!
2015	0%	#DIV/0!
2016	0%	#DIV/0!
2017	0%	#DIV/0!
2018	0%	#DIV/0!

Average: 0%
 High: 0%
 Low: 0%

Certainty Rating: 100%



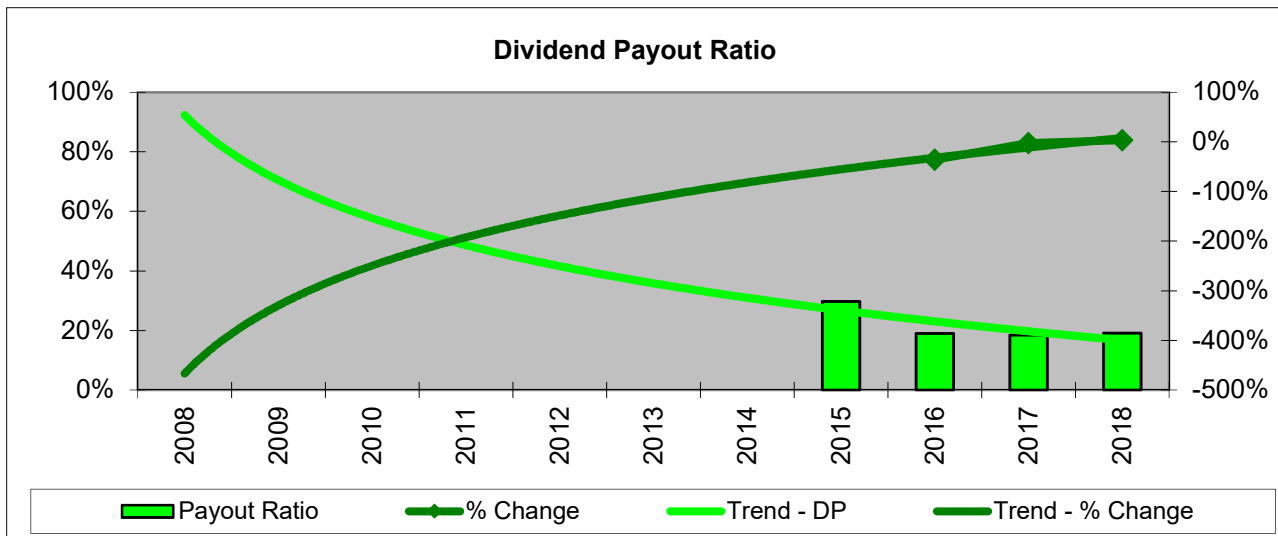
Explanation: No debt, ever.

Dividend Sustainability

Year	Payout Ratio	
2008		
2009		
2010		
2011		
2012		
2013		
2014		
2015	30%	
2016	19%	-36%
2017	19%	-3%
2018	19%	3%

Average: 22%
 High: 30%
 Low: 19%

Certainty Rating: 100%



Explanation: Not a bad payout ratio.

Test #6 - BUYING / OWNERSHIP

Tells Us Whether The People Closest To The Business Are 1) Buying (And At Attractive Valuations) and/or 2) Owners.

Shares Outstanding / Buyback Program

Shares Outstanding	
Peak Past 10 Years	16,000,000
Current Outstanding	15,570,000
Shares Added/Subtracted	-430,000
% Added/Subtracted	-3%

Current Buyback Program	
Years	0
Value	\$0
Potential Shares At Current Price	0
Potential Shares Repurchased	0%

Certainty Rating: 75%

Year	Shares Out
2008	13,000,000
2009	14,000,000
2010	14,000,000
2011	14,000,000
2012	14,000,000
2013	14,000,000
2014	14,000,000
2015	15,000,000
2016	16,000,000
2017	16,000,000
2018	16,000,000

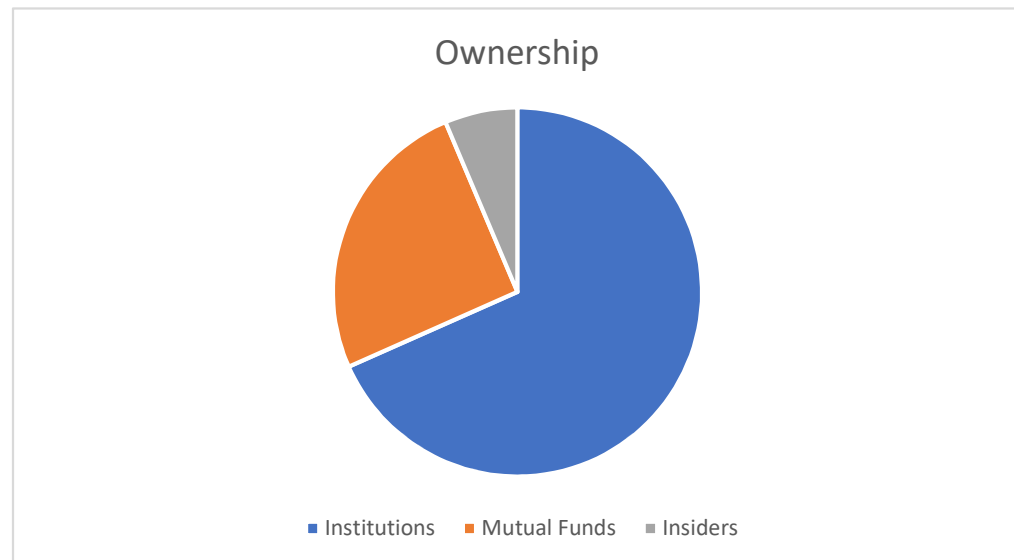
Explanation: No buyback plan...but shares outstanding have risen slightly over time.

Insider Ownership / Activity

Ownership (In Millions)		
Institutions	759,940,000	68%
Mutual Funds	280,880,000	25%
Insiders	70,810,000	6%
Total	1,111,630,000	

Insider Buying / Selling	
6 Month Buying	Yes
6 Month Selling	Yes

Certainty Rating: 100%



Explanation: Director has been buying from \$60 on down. Insiders own a very decent amount.

Test #7 - GOOD BUSINESS CHECK - Do important metrics indicating a 'good business' show that it is indeed a 'good business'?

Tells Us The Business Has A Good Financial Model And Whether Management Understands How To Operate It Effectively Compared To The Industry and Market.

Return "Moat" Assessment - Not A "Low Return" Business. Charlie Munger says that eventually over time returns will match ROIC.

Return on Invested Capital	
Year	
2008	15.2%
2009	8.3%
2010	8.3%
2011	9.3%
2012	20.9%
2013	29.0%
2014	17.8%
2015	18.0%
2016	27.6%
2017	22.2%
2018	16.4%

Company (10 Year Average)	17.5%
Company (10 Year High)	29.0%
Company (10 Year Low)	8.3%
Company (Current Year/TTM)	16.4%
Industry (Current Year)	21.3%
Overall Market Without Financials (Current Year)	14.1%

Explanation: [Using Engineering/Construction](#)

- Yes Is the ROIC equal to or higher than the overall market?
- No Is the ROIC equal to or higher than the industry?
- Yes Has the ROIC always been positive?
- Yes Is the ROIC steady (not really far from average, or high/low)?

Return on Equity	
Year	
2008	16.6%
2009	8.4%
2010	8.4%
2011	9.3%
2012	20.9%
2013	29.0%
2014	17.8%
2015	18.0%
2016	27.6%
2017	22.2%
2018	16.4%

Company (10 Year Average)	17.7%
Company (10 Year High)	29.0%
Company (10 Year Low)	8.4%
Company (Current Year/TTM)	16.4%
Industry (Current Year)	11.5%
Overall Market Without Financials (Current Year)	12.5%

Explanation: [NA](#)

- Yes Is the ROE equal to or higher than the overall market?
- Yes Is the ROE equal to or higher than the industry?
- Yes Has the ROE always been positive?
- Yes Is the ROE steady (not really far from average, or high/low)?

Return on Assets	
Year	
2008	7.1%
2009	5.5%
2010	6.2%
2011	5.5%
2012	10.6%
2013	14.4%
2014	8.5%
2015	9.1%
2016	13.3%
2017	11.5%
2018	10.7%

Company (10 Year Average)	9.3%
Company (10 Year High)	14.4%
Company (10 Year Low)	5.5%
Company (Current Year/TTM)	10.7%
Industry (Current Year)	3.4%
Overall Market Without Financials (Current Year)	4.4%

Explanation: NA

- Yes Is the ROA equal to or higher than the overall market?
- Yes Is the ROA equal to or higher than the industry?
- Yes Has the ROA always been positive?
- Yes Is the ROA steady (not really far from average, or high/low)?

Asset Turnover	
Year	
2008	1.57
2009	1.82
2010	1.45
2011	0.84
2012	1.27
2013	0.82
2014	1.07
2015	1.03
2016	1.28
2017	1.43
2018	0.99

Company (10 Year Average)	1.23
Company (10 Year High)	1.82
Company (10 Year Low)	0.82
Company (Current Year/TTM)	0.99

Explanation: NA

- Yes Is the Asset Turnover consistent over time?
- No Is the Asset Turnover improving (trending higher)?

Certainty Rating:	86%
-------------------	-----

Explanation: NA

Business "Moat" Assessment - Not A "Mediocre" Business

Net Margin %	
Year	
2008	4.5%
2009	3.0%
2010	4.3%
2011	6.5%
2012	8.4%
2013	17.6%
2014	8.0%
2015	8.8%
2016	10.4%
2017	8.1%
2018	10.9%

Company (10 Year Average)	8.2%
Company (10 Year High)	17.6%
Company (10 Year Low)	3.0%
Company (Current Year/TTM)	10.9%
Industry (Current Year)	0.2%
Overall Market Without Financials (Current Year)	9.5%

Explanation: NA

- Yes Is the Net Margin % equal to or higher than the overall market?
- Yes Is the Net Margin % equal to or higher than the industry?
- Yes Has the Net Margin % always been positive?
- Yes Is the Net Margin % steady (not really far from average, or high/low)?

Gross Margin %	
Year	
2008	14.9%
2009	10.1%
2010	15.9%
2011	16.3%
2012	18.0%
2013	34.7%
2014	21.8%
2015	24.1%
2016	21.7%
2017	16.7%
2018	17.0%

Company (10 Year Average)	19.2%
Company (10 Year High)	34.7%
Company (10 Year Low)	10.1%
Company (Current Year/TTM)	17.0%

Explanation: NA

- Yes Has the Gross Margin % always been positive?
- No Is the Gross Margin % generally improving?
- Yes Is the Gross Margin % steady (not really far from average, or high/low)?

Operating Margin %	
Year	
2008	6.8%
2009	3.9%
2010	9.3%
2011	8.5%
2012	12.9%
2013	29.1%
2014	16.7%
2015	17.9%
2016	16.9%
2017	12.1%
2018	9.4%

Company (10 Year Average)	13.0%
Company (10 Year High)	29.1%
Company (10 Year Low)	3.9%
Company (Current Year/TTM)	9.4%

Industry (Current Year) **21.3%**

Overall Market Without Financials (Current Year) **14.1%**

Explanation: **NA**

- No Is the Operating Margin % equal to or higher than the overall market?
- No Is the Operating Margin % equal to or higher than the industry?
- Yes Has the Operating Margin % always been positive?
- No Is the Operating Margin % generally improving?
- No Is the Operating Margin % steady (not really far from average, or high/low)?

- No Is The Business Unique? Or Does It Have Something That Makes It Unique?
- Don't Know Price Is Not The Single Most Important Motivating Factor In Purchase Of Product.
- Yes Prices Can Be Adjusted For Inflation?
- Yes Is Revenue "Safe" (Long-Term Contracts, Long-Term Retention, Don't Have To Resell Everything Every Time)?
- Yes Does The Company Have Strong/Recognized Brands?
- Yes Is There An Attachment To The Companies Brand(s)? Is There An Identifiable Consumer Monopoly?

Certainty Rating: 61%

Explanation: **No monopoly/brand but their reputation is good...which counts.**

Competition "Moat" Assessment - Not A "Commodity-Type" Business

- No Is Business Competition Free? There Is Not A Company That Directly Competes With This One.
- No Is Business Competition Free? There Is Not A Presence Of Multiple Producers In Industry?
- No Is Business Competition Free? There Is Not Substantial Excess Production Capacity In Industry?
- Yes It Would Be Hard To Start A Company To Compete With This Business. There Are Large Barriers To Entry To This Business.
- Yes It Would Be Hard To Make A Dent In Business Without The Most Money and Best Management Talent.

Certainty Rating: 40%

Explanation: **It isn't hard to start a company like this...anyone with a truck and a toolbox...but it is hard to be of scale and competent.**

Leverage Assessment - Is The Business Conservatively Financed (Providing Additional Margin Of Safety...Oh And Saving Money)?

Financial Leverage (Asset To Equity Ratio)	
Year	
2008	1.71
2009	1.36
2010	1.34
2011	2.03
2012	1.94
2013	2.07
2014	2.11
2015	1.88
2016	2.21
2017	1.69
2018	1.25

Company (10 Year Average)	1.78
Company (10 Year High)	2.21
Company (10 Year Low)	1.25
Company (Current Year/TTM)	1.25

Explanation: NA

- Yes Is the Financial Leverage consistent over time?
- Yes Is the Financial Leverage improving (ie lowering)?

Debt To Equity		Shares	
Year			
2008	0%	13,000,000	Company (10 Year Average)
2009	0%	14,000,000	Company (10 Year High)
2010	0%	14,000,000	Company (10 Year Low)
2011	0%	14,000,000	Company (Current Year/TTM)
2012	0%	14,000,000	Industry (Current Year)
2013	0%	14,000,000	Overall Market Without Financials (Current Year)
2014	0%	14,000,000	
2015	0%	15,000,000	
2016	0%	16,000,000	
2017	0%	16,000,000	
2018	0%	16,000,000	

Company (10 Year Average)	0.0%
Company (10 Year High)	0.0%
Company (10 Year Low)	0.0%
Company (Current Year/TTM)	0.0%
Industry (Current Year)	62.0%
Overall Market Without Financials (Current Year)	119.0%

Explanation: NA

- Yes Is The Debt To Equity Low Versus Static Measure (Less Than 50%)?
- Yes Is The Debt To Equity Low Versus Market (Less Than Market)?
- Yes Is The Debt To Equity Low Versus Industry (Less Than Industry)?
- Yes Has The Debt To Equity Lowered Over Time?
- Yes The Company Is Not Adding Debt In Order To Increase ROE.
- Yes The Company Is Not Adding Debt In Order To Do Share Buybacks.

Certainty Rating:	100%
-------------------	------

Explanation: NA

Compounding Assessment - Is The Company A (Or Going To Continue To Be A) Compounder?

- Yes Does The Company Retain Its Earnings (Ideally No Payouts Unless There Is No Additional Expansion Opportunity)?
- Yes Is The Company Able To Spend Little On Maintaining Current Operations (Is CapEx Rebuilding Or Expansion)?
- Yes Is Company Reinvesting Earnings In New Businesses, Expansion Of Existing Businesses (That Will Increase Value)?
- No Is Company Reinvesting Earnings In Share Repurchases (That Will Increase Value)?

Certainty Rating: 75%

Explanation: NA

Management Assessment - Does The Company's Management Add Value To The Business?

- Yes Management Has Candor And Can Admit Mistakes
- Yes Management Has Been In Place For Some Time
- Yes Management Does What It Says It Will Do
- Yes Management Knows The Business (Rarely Surprised)
- Yes Management Is Allocating Capital (Reinvested Earnings) Into Businesses, Expansion That Will Increase Value.
- Yes Profitability Is Not Almost Entirely Dependent Upon Management's Abilities To Efficiently Utilize Tangible Assets (Idiot Run Test).

Certainty Rating: 100%

Explanation: Love management...and love that they own stock!

GOOD BUSINESS CHECK	
Return "Moat" Assessment:	86%
Business "Moat" Assessment:	61%
Competition "Moat" Assessment:	40%
Leverage Assessment:	100%
Compounding Assessment:	75%
Management Assessment:	100%
	77%

Explanation: NA

Test #8 - MY GUT

Trust My Gut...It Is Large And In Charge (Unfortunately)!

Other's Analysis - Company

	Annual Report
	Latest 10K
	Latest 10Q (+)

Other's Analysis - Outsiders

	Available Analyst Reports
	Morningstar Reports
	Internet Searches, News, Articles

Certainty Rating: 100%

Explanation: NA

PROS[See above.](#)

?

?

?

?

?

Certainty Rating: 100%

Explanation: NA

CONS[See above.](#)

?

?

?

?

?

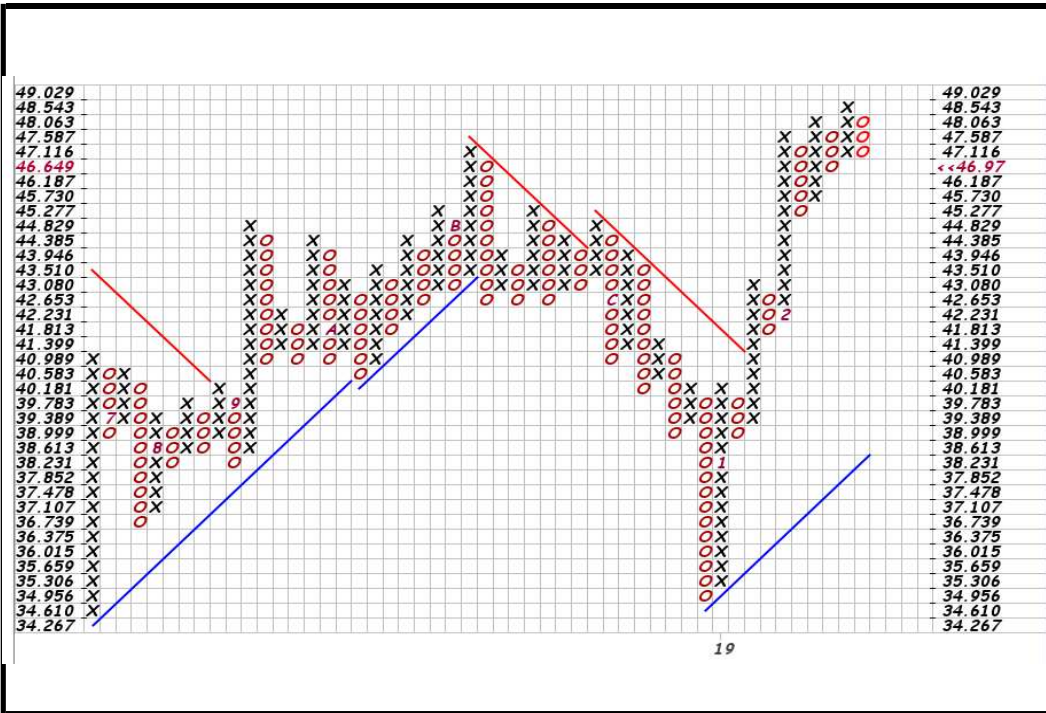
Certainty Rating: 100%

Explanation: NA

Test #9 - TECHNICALS / TIMING

Do Weekly Technicals Point Towards An Attractive Entry Point (Either Oversold / Turning / Trending)

Point And Figure



Certainty Rating: 100%

Explanation: Recent news about the additions to backlog have moved this stock into a new range (so fundamentals versus just price movement). This happened very recently (in early February).

Weekly Candlestick



50/200 Day Trend Line (Crossing?)

Certainty Rating: 100%

Explanation: Hasn't turned yet but no longer widening.

RSI (Cheap, Falling Knife?)

Certainty Rating: 100%

Explanation: Rebounding from lows.

MACD (Crossing?)

Certainty Rating: 100%

Explanation: This has returned to trending back up.

Money Flow (Oversold?)

Certainty Rating: 100%

Explanation: Recently got a bit overbought (but it was news based). Upmove now is not overbought.