CPRT – MARION MICHEL

Mid-size company. ("benchmark" growth rate for mid-size companies: 7-12% range. 10-6 years to double)

Founded 1982. Based in Dallas, TX. Industrial Sector, Specialty Business Industry. Fiscal Year ends on July 31st.

Business: Online vehicle auctions. 11 countries, primarily USA (83% of 2023 sales).

-Charges service fees to process and sell salvage and clean title vehicles.
-On behalf of banks, finance companies, insurance companies, charities, fleet operators, dealers, individual owners.
-Sells to dealers, dismantlers, rebuilders, exporters, individuals.
-Service revenue = 82.6% of sales in 2023. Vehicle sales revenue 17.5%.
-83% of cars processed in 2023 came from insurance companies.
-265K vehicles in daily online inventory, sold 3M+ vehicles last year, 250 locations, 11 countries,
   buyers in 190 counties, ~17,000 acres of land, service fees are about 20% of transaction value of cars sold (Mstar)

Q2 results announced today (2-22-24): Sales up 6.6%, EPS up 10% YoY

Picking a Stock	
	SSG Stock Screener
	SSG Heat Map
	Portfolio considerations
	Review candidates in the SSG Audit. Avoid stocks with lots of check marks in Historical Data Audit.
	At a minimum, I'm looking for stocks to research that look as though they could return at least 10% in 5 years. At 10%, they would take about 7 years to double in value.
	I do a lot of "guestimating" on the basis of whether various values have been doubling in 5 years and might do that again. If they haven't doubled in the past, there's not much point in estimating they will double in the next 5 years unless something very positive has changed about its business prospects.

Initial Check CPRT- What I look at before I start entering judgments (estimates)	
Part 1	Direction of Sales, PTP, EPS, Price Bar chart lines
	Check company size
	Are annual lines reasonably close to trend lines?
	Acceptable 10-year growth rates of Sales, PTP, EPS?
	Location of current price on Price Bar
	Other items in Legend – all OK?
	Most Recent Qtr – still growing?
	ACE – in line with past and lates qtr?
Part 2	PTP on Sales, ROE, Debt – acceptable numbers, trends?
Part 3	High and Low Prices – have they doubled, then doubled again in 10 years?
	EPS – have they doubled, doubled again in 10 years?
	Are high and low PEs predictable?
	Where is current PE compared to historical high & low PEs?
If things are mostly good, do a first, rough SSG. Note anything that seems off-pattern. That's something to research. CPRT – ACE seems low compared to historical and recent performance.	

First, Rough SSG

Going-in expectation: Things look mostly good. Various CPRT values have doubled in the past. Depending on my buy price, they might again unless long-term business prospects deteriorate.
The stock is probably going to be a hold and potentially will go my watch list.

Part 1/Chart
Check and possibly reset Projection Staring Point – most conservative point = ?
Use the Preferred Procedure – compare resulting Sales & EPS to historical results and ACE
Click ACE estimates on in Part 1 and compare sales and EPS to ACE

Part 3
Evaluate high and low PEs – trends? Outliers?
Click on PE graph. Is the current PE in the average range? Trending up or down?
What's the current PE versus recent highs and lows? Close to top or bottom values?

Part 4
Set high and low PEs/Prices
Check results

U/D ratio
Where would the price have to be for an U/D ratio of 3:1?
How big a drop from the current price would that be?
How recently has the stock been at that price – check SSG Research > Price Charts > Big Charts

CPRT does not pay dividends, so skip Part 5

What are the projected high return and average return? Do I want to buy now or wait?

To refine first, rough SSG…

Other things to check quickly	
Quarterly Data	Are sales, EPS and PTP trending up or down?
Ratios: Valuation	Reasonable or too high or low?
Ratios: Liquidity	Adequate or good?
Audit	Read "Forecasts" part of Audit
Sentiment	Are there enough studies in Sentiment for meaningful comparison?
	How do your results compare with Sentiment Mean/Median values?
Notes	None for CPRT.

Find/Compare Peers/Competitors	2 places for "compare peers" on SSG: Part 1 in Legend area. At bottom of Part 3
Places to look for better peers	M'star, Company's annual report
Peers for CPRT: RBA, LKQ, AVCA Found in annual report.	

What are other analysts projecting?: SSG Research > Analyst Estimates	
How many analysts are making estimates?	
Yahoo	5-yr EPS growth estim. = 22%
	Yearly vs S&P for next 5 years is positive. CPRT projected to grow better than the S&P
	At $49. 9 of 11 analysts say that price is a hold

Seeking Alpha	2028 EPS estimate $2.11 (1 analyst)
	2028 Sales estimate ($6.42B) (1 analyst)
	2029 Sales estimate ($7.08B) (1 analyst)
Zacks	At $49 – hold
Market Watch	At $49 – 7 analysts Overweight, 5 hold
NASDAQ	Positive earnings surprises last few qtrs. 5.6% YoY growth this qtr

BI Member Sentiment	Mean	vs Median as of 2/21/24
Sales Growth	9.2	9.0
EPS Growth	9.9	10.0
High PE	34.3	35.0
High Price	74.0	73.8
Low PE	20.5	20.8
Low EPS	1.36	1.36
Low Price	28.3	28.3
Total Return	805	8.3

Recent news/ analytical articles or info: SSG Research > Company Summaries	
Google	-
M'Star	Bulls v Bears Feature: One bull and One Bear item
	Competitors: RBA, LKQ, KMX + comparisons
	Announced 4 changes in leadership in January
Motley Fool	-
MSN Money	?
Yahoo	Recent news headlines

LIBRARY	
Value Line Jan. 19 Analysis	$47.34 price.
	Finan Strength/B++ Price Stability/85 Price Gro Persis/100 EPS predict/95
	Timeliness/4 Safety/2 Revenue Est to 2028/8% Earnings Est to 2028/9%
	Four 2:1 stock splits: 8/23, 11/22, 4/17, 3/12
	Good quality stock. Ranked to underperform. Below average long-term potential .
M'star 11-16-23 analysis	$48.91 Price on Feb. 21.
	2 stars, wide moat, Fair Value = $45, Medium FV uncertainty. Trading at 8% premium.
	"Copart's operations are largely agnostic to Macroeconomic conditions."
	Sales growth estimated to be "high-single to low-double-digit"
	CPRT in a duopoly with IAA (owned by RBA)
	Bulls Say:
	-"Moat safe - minimal competition. Excellent ability to provide high liquidity marketplace for buyers and sellers.
	-Balance sheet in great shape. Expect buybacks and acquisitions to fuel stock price growth over time.
	-Auction volumes should rise as used vehicle pricing caused by chip shortage comes down while repair costs remain high. That should encourage insurers to total more vehicles than after the pandemic and chip shortage."

	Bears Say: RBA Global bought competitor IAA in March 2023. If IAA improved, could weaken CPRT moat. M'star "not worried." German market growth could take time. Laws different and more cumbersome than in US. "Sometimes a co-CEO arrangement does not end well."
S&P – CFRA 11-17-23 Analysis	$49.31 Price on 11-17. 3-yr projected EPS CAGR = 14%. Quality ranking = B+ 4 stars Fair Value = $50.11

First Cuts on BI Website	
1-24-23	Sales/4%. EPS/4%. High PE/30 Low PE/17 UD/ 0.9:1 CAR/4.7%
7/10/20	Sales/6.1% EPS/9.3% High PE/26.5 Low PE/17.1 UD/0.6:1 CAR/4.1%

Company Website   SSG Research > Company Website
The website is very customer oriented. Scroll to the bottom for "investor relations."

2023 Annual Report (10-K) SSG Research > Transcripts & Filings > 10-K	
Quick checks	
Item 1-B	Unresolved staff comments - None
Item 3	Legal Proceedings – No material pending legal actions
Item 9	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure - None
Item 14 > Exhibits	Principal Accounting Fees and Services - Auditor gave Unqualified Opinion
	This annual report is fairly readable. See the Table of Contents and pick a few other sections.

Based on your research, do you want to revise your first, rough SSG?

Have you updated your data?

What else would I like to know: Are analysts plugging in future bulges or decreases in auction vehicle supply over the next few years?