

Company: Copart, Inc		Ticker: CPRT	Current Price: \$44.45	Industry: Industrial	Subgroup: Specialty Business Services
Target Price: \$52.24		TTM P/E: 27.96x		Beta: 1.03	Market Cap: \$43.02B
Stop Loss: \$35.56		F. P/E: 25.38		Credit Rating: AA+	Avg. Vol(12M): 7.12M
52W H/L: \$64.38/\$44.12		EPS: \$1.59		Rating Outlook: Stable	Dividend Yield: 0.00%

Company Background:

Based in Dallas, Copart operates an online salvage vehicle auction with operations in 11 countries across North America, Europe, and the Middle East, facilitating over 3.5 million transactions annually. The company utilizes its virtual bidding platform, VB3, to connect vehicle sellers with over 750,000 registered buyers around the world. Buyers primarily consist of vehicle dismantlers, rebuilders, individuals and used vehicle retailers. About 80% of Copart's vehicle volume is supplied by auto insurance companies holding vehicles deemed a total loss. Copart also offers services such as vehicle transportation, storage, title transfer, and salvage value estimation. The company primarily operates on a consignment basis and collects fees based on the vehicle's final selling price.

Industry Outlook:

The global auto salvage and vehicle recycling industry is expanding rapidly alongside surging auto insurance and aftermarket sectors, creating a powerful ecosystem of growth. The vehicle recycling market was valued at roughly \$93 billion in 2024 and is projected to reach \$254 billion by 2033 (a CAGR of about 13.4%), while the online salvage auction market—driven by the shift to digital platforms for total-loss vehicles—is expected to rise from \$10.6 billion in 2024 to over \$27 billion by 2030 (CAGR ~17%). The global auto insurance market, which fuels salvage supply through total-loss claims, is worth around \$838 billion in 2024 and projected to double to \$1.77 trillion by 2030, growing at a similar 13% rate. In the U.S. alone, auto insurers wrote roughly \$359 billion in premiums last year, a 13.6% annual increase. Downstream, the automotive aftermarket parts industry—which benefits from recycled components and parts reuse—is valued at \$469 billion and expected to surpass \$589 billion by 2030. Together, these interconnected sectors are being propelled by rising vehicle complexity, higher repair costs, and sustainability trends emphasizing circular economies and resource recovery. As more insurers total damaged vehicles and consumers embrace digital salvage platforms, the industry is evolving into a highly scalable, tech-driven global marketplace with strong, sustained growth potential across recycling, auctions, and insurance value chains.

Investment Thesis:

Copart's investment thesis centers on its unmatched market leadership, financial strength, and exposure to long-term structural growth. As the largest global vehicle auction platform, Copart processes over 3.5 million vehicles annually across 11 countries, leveraging its vast network, land base, and digital infrastructure to drive superior operational efficiency and global liquidity. Its scale advantage enhances pricing power and competitive positioning, while integrated contracts and technology create modest switching costs for insurers and buyers. Financially, Copart delivers industry-leading margins, a 22% ROIC, and strong 23% free cash flow, supported by a disciplined, low-debt balance sheet that enables continued reinvestment and expansion. Looking ahead, secular growth in the auto insurance market (13% CAGR), global auto sector (2.3% CAGR), and the rapidly growing salvage industry (25% CAGR)—combined with an aging vehicle fleet averaging 12.8 years—are expected to sustain demand for used vehicles and parts. Copart's counter-cyclical model, benefiting from steady insurance claims across economic cycles, positions it to deliver durable, compounding growth and long-term shareholder value.

Investment Risks:

- **Land & Capacity:** Limited land availability and high environmental compliance costs; expansion requires heavy capital investment (\$20–30M per site).
- **Technology Dependence:** Platform outages or cyberattacks could cause significant losses; industry peers have faced multimillion-dollar disruptions.
- **Insurance Reliance:** Around 80% of vehicles come from insurers who hold pricing power; fee cuts of 50–100 bps could lower EPS by 2–3%.
- **Rising Costs:** Inflation, logistics, wages, and commodity prices may squeeze margins below the current 38% premium level.
- **International Exposure:** Regulatory hurdles and FX fluctuations raise costs and risk in global expansion.

Take aways from last Earnings Call

- **Earnings Beat:** EPS of \$0.41 exceeded expectations (~\$0.37), showing stronger profitability despite modest revenue growth.
- **Revenue Growth:** Total revenue rose 5% YoY to \$1.13 billion, driven primarily by higher service fees and stable global auction volumes.
- **Margin Expansion:** Gross profit increased 12% and operating income rose 15%, reflecting tight cost control and strong operational efficiency.
- **Mixed Segment Results:** Service revenue grew ~7%, while vehicle sales declined ~4%, showing resilience in fee-based income even amid pricing pressure.
- **Strategic Investments:** Continued expansion in automation, AI-driven liquidity tools, and international capacity to support long-term scalability and margin durability.

Financial Performance

DCF and Analyst Opinions

Income Statement (in Bil, except ratios)	07/31/2025	07/2025	07/2024	07/2023	07/2022	07/2021
Revenue	4.65	4.65	4.24	3.87	3.50	2.69
Revenue Growth %	9.68%	9.68%	9.49%	10.53%	30.02%	22.08%
Gross Profit	2.10	2.10	1.91	1.74	1.61	1.34
Gross Profit Margin %	45.18%	45.18%	45.02%	44.89%	45.88%	49.88%
Operating Income	1.70	1.70	1.57	1.49	1.37	1.14
Operating Margin %	36.51%	36.51%	37.10%	38.42%	39.28%	42.21%
EBIT	1.72	1.72	1.57	1.49	1.36	1.14
EBIT Margin %	36.94%	36.94%	37.03%	38.46%	38.78%	42.42%
EBITDA	1.93	1.93	1.76	1.65	1.50	1.26
EBITDA Margin %	41.59%	41.59%	41.51%	42.59%	42.72%	46.94%
Net Income	1.55	1.55	1.36	1.24	1.09	0.94
Net Profit Margin %	33.32%	33.32%	32.15%	31.99%	31.14%	34.78%
Basic EPS	1.61	1.61	1.42	1.30	1.15	0.99
Diluted EPS	1.59	1.59	1.40	1.28	1.13	0.98
Normalized EPS	1.59	1.59	1.38	1.26	1.12	0.93

Analyst Opinion	
Buy: 12	
Exit EV/EBITDA 19.46x Target \$52.24;	
Stop-loss 20%.	
Avg Revenue Growth(5YR CAGR)	10.63%
Avg. EBITDA Margin(FY25)	11.77%
Avg Net Income Margin(LTM)	33.41%
Debt/Equity	1.1%
Avg FCF Margin	23.2%
Cost of Debt	4.55%
Tax Rate	19.81%
Cost of Equity	8.09%
WACC	8.08%
Perpetuity Growth Rate	4.00%

Relative Valuation

Company Name	Description	Market Cap(Bn)	EV(Bn)	EBITDA(Bn)	EV/EBITDA	P/E TTM	5Yr Avg. ROIC	Gross Margin	Net Margin	5Yr Beta	Credit Rating
COPART, INC.	Copart is a Dallas-based online salvage vehicle auctioneer operating in 11 countries, running approximately 5,500 transactions a year on its VSA platform. About 80% of yearly revenue from auctions, and Copart mainly operates on a fee-based model, charging service and transaction fees while providing transport, storage, file transfer, and valuation services to a buyer base of dismantlers, resellers, dealers, and individuals.	43.65	38.97	1.97	19.78	28.07	22.62%	51%	33%	1.06	AA+
RB Global Inc	RB Global is a leading omnichannel marketplace for commercial assets and vehicles formed by the 2023 merger of Ritchie Bros. and iAA. It spans auctions and digital platforms across equipment and salvage sales, with about 1/3 of activity in North America, and offers ancillary services like site permitting, transport/training, financing, title, and appraisal.	19.95	24.13	1.49	16.18	53.30	8.84%	46.02%	9.46%	0.65	BB+
OPENLANE, INC.	OPENLANE runs a digital marketplace for used vehicles across North America and Europe, offering auctions and end-to-end remarketing services such as transport, conditioning, inspections, warranty, and inventory management. It operates two segments: Marketplace, the majority of revenue, covering online auctions and related remarketing services, and Finance, which provides short-term, inventory secured loans to independent dealers.	3.01	5.32	0.43	12.40	32.02	2.90%	47%	8%	1.34	B
CARMAX, INC.	CarMax operates over 250 retail stores across the U.S., selling, financing, and servicing used and new vehicles. In fiscal 2025, used vehicle sales made up 88% of revenue, with wholesale, service plans and repairs 17%. CarMax sold 786 retail and 5464 wholesale vehicles, holding an estimated 3.7% market share of U.S. vehicles aged 0-10 years. The company is headquartered in Richmond, Virginia.	6.82	25.56	1.41	18.12	13.53	-0.24%	12%	2%	1.26	N/A
CARVANA CO.	Carvana operates an e-commerce platform for buying and selling used cars, with most revenue coming from retail vehicle sales. Additional revenue streams include wholesale sales, loan securitizations, and commissions from vehicle service contracts, GAP coverage, and auto insurance, all driven by its core retail sales and trade-in business.	80.86	54.60	1.86	29.40	99.07	5.54%	22%	4%	3.53	BB-
Statistics Summary		Market Cap (Bn)	EV (Bn)	EBITDA	EV/EBITDA	P/E TTM	ROIC	Gross Margin %	Net Margin %	5Yr Beta	
High		80.86	54.60	1.97	29.40	99.07	23%	51%	33%	3.53	
Low		3.01	5.32	0.43	12.40	13.53	3%	12%	2%	0.65	
Average		30.86	29.72	1.43	19.18	45.20	10%	35%	11%	1.57	
Specialty Business Services				13.42	38.68	11.50%	35.20%	4.30%			

Copart:
EV/EBITDA: 19.46x
P/E(TTM): 27.96x
ROIC: 22.62%
Comps Avg.
EV/EBITDA: 19.11x
P/E (TTM): 44.24x
Spread:
ROIC vs. WACC
22.62% vs. 8.08% → 14.54%

Relative Performance	YTD	1yr
CPRT	-21.08%	-15.75%
Industrials Sector	+17.56%	+15.44
S&P 500	+14.88%	+18.28%

Sustainability

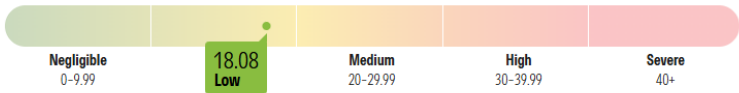
Risk Rating Assessment

Risk Rating Breakdown

ESG Risk Rating Assessment



ESG Risk Rating



Highest Controversy Level (1 = Low, 5 = Severe)

1 Low

Incidents: Operations, Governance, Employee, Customer, Society & Community

Top Material ESG Issues

Product Governance
Overall

Business Ethics
Overall

Data Privacy &
Cybersecurity
Overall

ESG Risk Rating is as of Sep 03, 2025. Highest Controversy Level is as of Sep 08, 2025. Sustainability Subindustry: Business Support Services. Sustainability provides Morningstar with company ESG ratings and metrics on a monthly basis and as such, the ratings in Morningstar may not necessarily reflect current Sustainability's scores for the company. For the most up to date rating and more information, please visit: sustainalytics.com/esg-ratings/.