

ModernGraham Valuation

Seagate Technology
PLC



Company Name:

Company Ticker STX

Date of Analysis

9/3/2015

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 | Pass |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2 | 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 | Fail |
| 5. Earnings Growth | | Fail |
| 6. Moderate PEmg Ratio | PEmg < 20 | Pass |
| 7. Moderate Price to Assets | PB Ratio < 2.5 OR PB*PEmg < 50 | 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 | Pass |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1 | Fail |
| 3. Earnings Stability | Positive EPS for 5 years prior | Pass |
| 4. Dividend Record | Currently Pays Dividend | Pass |
| 5. Earnings Growth | EPSmg greater than 5 years ago | Pass |

Suitability

| | |
|---------------------|------------|
| Defensive | No |
| Enterprising | Yes |

Stage 2: Determination of Intrinsic Value

| | |
|-----------------------------|-----------------|
| EPSmg | \$4.63 |
| MG Growth Estimate | 14.13% |
| MG Value | \$170.37 |
| MG Value based on 3% Growth | \$67.19 |
| MG Value based on 0% Growth | \$39.39 |
| Market Implied Growth Rate | 1.10% |

MG Opinion

| | |
|----------------------|--------------------|
| Current Price | \$49.58 |
| % of Intrinsic Value | 29.10% |
| Opinion | Undervalued |

Stage 3: Information for Further Research

| | |
|--|---------|
| Net Current Asset Value (NCAV) | -\$3.91 |
| Graham Number | \$28.16 |
| PEmg | 10.70 |
| Current Ratio | 2.38 |
| PB Ratio | 5.29 |
| Dividend Yield | 4.13% |
| Number of Consecutive Years of Dividend Growth | 6 |

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 | \$3.76 | Next Fiscal Year Estimate | \$4.63 |
| Jun15 | \$5.26 | Jun15 | \$4.86 |
| Jun14 | \$4.52 | Jun14 | \$4.44 |
| Jun13 | \$4.81 | Jun13 | \$3.54 |
| Jun12 | \$6.49 | Jun12 | \$2.39 |
| Jun11 | \$1.09 | Jun11 | \$0.34 |
| Jun10 | \$3.14 | Jun10 | \$0.13 |
| Jun09 | -\$6.40 | Jun09 | -\$0.88 |
| Jun08 | \$2.36 | Jun08 | \$1.78 |
| Jun07 | \$1.56 | Jun07 | \$1.46 |
| Jun06 | \$1.60 | Jun06 | \$1.33 |
| Jun05 | \$1.41 | Jun05 | \$1.07 |
| Jun04 | \$1.06 | Jun04 | \$0.79 |
| Jun03 | \$1.36 | Jun03 | \$0.55 |
| Jun02 | \$0.36 | Jun02 | \$0.12 |
| Jun01 | \$0.00 | Jun01 | \$0.00 |
| Jun00 | \$0.00 | Jun00 | \$0.00 |
| Jun99 | \$0.00 | Balance Sheet Information | Jun15 |
| Jun98 | \$0.00 | Total Current Assets | \$5,568,000,000 |
| Jun97 | \$0.00 | Total Current Liabilities | \$2,343,000,000 |
| Jun96 | \$0.00 | Long-Term Debt | \$4,155,000,000 |
| | | Total Assets | \$9,845,000,000 |
| | | Intangible Assets | \$1,244,000,000 |
| | | Total Liabilities | \$6,827,000,000 |
| | | Shares Outstanding (Diluted Average) | 322,000,000 |



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

[10 Low PE Stocks for the Enterprising Investor – August 2015](#)
[10 Undervalued Companies for the Enterprising Dividend Stock Investor – August 2015](#)
[10 Most Undervalued Companies for the Enterprising Investor – August 2015](#)
[10 Companies Benjamin Graham Would Invest In Today – August 2015](#)
[5 Undervalued Companies for Value Investors with a High Beta – August 2015](#)

Other
ModernGraham
posts about related
companies

[KLA-Tencor Corporation Analysis – September 2015 Update \\$KLAC](#)
[Avago Technologies Ltd Analysis – Initial Coverage \\$AVGO](#)
[Arrow Electronics Inc. Analysis – Initial Coverage \\$ARW](#)
[TE Connectivity Limited Analysis – August 2015 Update \\$TEL](#)
[Broadcom Corporation Analysis – August 2015 Update \\$BRCM](#)
[SanDisk Corporation Analysis – August 2015 Update \\$SNDK](#)
[Coming Inc. Analysis – August 2015 Update \\$GLW](#)
[Intel Corporation Analysis – August 2015 Update \\$INTC](#)
[Advanced Micro Devices Inc. Analysis – Initial Coverage \\$AMD](#)
[Nvidia Corporation Analysis – August 2015 Update \\$NVDA](#)