

ModernGraham Valuation

Company Name:

Align Technology, Inc.

Company Ticker ALGN

Date of Analysis

8/13/2015



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 Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	Fail
5. Earnings Growth		Pass
6. Moderate PEmg Ratio	PEmg < 20	Fail
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	Pass
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	Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	1.27
MG Growth Estimate	15.00%
MG Value	\$49.07
MG Value based on 3% Growth	\$18.48
MG Value based on 0% Growth	\$10.83
Market Implied Growth Rate	19.50%

MG Opinion

Current Price	\$60.55
% of Intrinsic Value	123.38%
Opinion	Overvalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$4.90
PEmg	47.50
Current Ratio	2.95
PB Ratio	6.40
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	\$1.49	Next Fiscal Year Estimate	\$1.27
Dec14	\$1.77	Dec14	\$1.11
Dec13	\$0.78	Dec13	\$0.71
Dec12	\$0.71	Dec12	\$0.67
Dec11	\$0.83	Dec11	\$0.63
Dec10	\$0.95	Dec10	\$0.46
Dec09	-\$0.45	Dec09	\$0.19
Dec08	\$1.18	Dec08	\$0.43
Dec07	\$0.50	Dec07	\$0.02
Dec06	-\$0.55	Dec06	-\$0.30
Dec05	\$0.02	Dec05	-\$0.40
Dec04	\$0.14	Dec04	-\$2.41
Dec03	-\$0.35	Dec03	-\$4.71
Dec02	-\$1.52	Dec02	-\$6.82
Dec01	-\$2.61	Dec01	-\$8.44
Dec00	-\$25.64	Dec00	-\$9.52
Dec99	-\$3.65	Dec99	-\$1.22
Dec98	\$0.00	Balance Sheet Information Jun15	
Dec97	\$0.00	Total Current Assets	\$657,906,000
Dec96	\$0.00	Total Current Liabilities	\$222,925,000
Dec95	\$0.00	Long-Term Debt	\$0
		Total Assets	\$1,028,581,000
		Intangible Assets	\$80,590,000
		Total Liabilities	\$258,780,000
		Outstanding Shares	81,394,000



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

#N/A

Other
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posts about related
companies

[Varian Medical Systems Inc Analysis – August 2015 Update \\$VAR](#)

[Psychemedics Corporation Analysis – August 2015 Update \\$PMD](#)

[C.R. Bard Inc. Analysis – August 2015 Update \\$BCR](#)

[Thermo Fisher Scientific Inc. Analysis – 2015 Update \\$TMO](#)

[Express Scripts Inc. Analysis – 2015 Update \\$ESRX](#)

[HCA Holdings Inc. Analysis – Initial Coverage \\$HCA](#)

[Henry Schein Inc. Analysis – Initial Coverage \\$HSIC](#)

[Medtronic Inc. Analysis – July 2015 Update \\$MDT](#)

[Quest Diagnostics Inc. Analysis – July 2015 Update \\$DGX](#)

[Universal Health Services Inc. Analysis – Initial Coverage \\$UHS](#)