

ModernGraham Valuation

Company Name:

Celgene Corporation

Company Ticker CELG

Date of Analysis

9/1/2015



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 | | Fail |
| 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 | \$2.47 |
| MG Growth Estimate | 15.00% |
| MG Value | \$94.90 |
| MG Value based on 3% Growth | \$35.74 |
| MG Value based on 0% Growth | \$20.95 |
| Market Implied Growth Rate | 19.52% |

MG Opinion

| | |
|----------------------|-------------------|
| Current Price | \$117.20 |
| % of Intrinsic Value | 123.50% |
| Opinion | Overvalued |

Stage 3: Information for Further Research

| | |
|--|---------|
| Net Current Asset Value (NCAV) | -\$1.87 |
| Graham Number | \$24.67 |
| PEmg | 47.55 |
| Current Ratio | 3.34 |
| PB Ratio | 15.30 |
| 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 | \$3.53 | Next Fiscal Year Estimate | \$2.47 |
| Dec14 | \$2.39 | Dec14 | \$1.83 |
| Dec13 | \$1.68 | Dec13 | \$1.47 |
| Dec12 | \$1.65 | Dec12 | \$1.11 |
| Dec11 | \$1.43 | Dec11 | \$0.68 |
| Dec10 | \$0.94 | Dec10 | \$0.23 |
| Dec09 | \$0.83 | Dec09 | -\$0.11 |
| Dec08 | -\$1.73 | Dec08 | -\$0.47 |
| Dec07 | \$0.27 | Dec07 | \$0.14 |
| Dec06 | \$0.09 | Dec06 | \$0.06 |
| Dec05 | \$0.09 | Dec05 | \$0.04 |
| Dec04 | \$0.08 | Dec04 | \$0.00 |
| Dec03 | \$0.04 | Dec03 | -\$0.03 |
| Dec02 | -\$0.15 | Dec02 | -\$0.07 |
| Dec01 | \$0.00 | Dec01 | -\$0.03 |
| Dec00 | -\$0.03 | Dec00 | -\$0.05 |
| Dec99 | -\$0.05 | Dec99 | -\$0.07 |
| Dec98 | -\$0.06 | Balance Sheet Information Jun15 | |
| Dec97 | -\$0.09 | Total Current Assets | \$9,883,500,000 |
| Dec96 | -\$0.08 | Total Current Liabilities | \$2,959,500,000 |
| Dec95 | -\$0.05 | Long-Term Debt | \$6,256,100,000 |
| | | Total Assets | \$17,745,700,000 |
| | | Intangible Assets | \$6,128,700,000 |
| | | Total Liabilities | \$11,423,800,000 |
| | | Shares Outstanding (Diluted Average) | 825,300,000 |



Disclaimer:
This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.
The author held a long position in CELG 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**

[Celgene Corporation Stock Analysis – May 2015 Quarterly Update](#)

[28 Companies in the Spotlight This Week – 2/28/15](#)

[Celgene Corporation Quarterly Valuation – February 2015 \\$CELG](#)

[30 Companies in the Spotlight This Week – 11/15/14](#)

[Celgene Corporation Quarterly Valuation – November 2014 \\$CELG](#)

**Other
ModernGraham
posts about related
companies**

[Allergan PLC Analysis – August 2015 Update \\$AGN](#)

[The Best Companies of the Pharmaceuticals Industry – August 2015](#)

[Alexion Pharmaceuticals Inc. Analysis – August 2015 Update \\$ALXN](#)

[Akorn Inc. Analysis – Initial Coverage \\$AKRX](#)

[Zoetis Inc. Analysis – July 2015 Update \\$ZTS](#)

[Mallinckrodt PLC Analysis – Initial Coverage \\$MNK](#)

[Biogen IDEC Inc. Analysis – July 2015 Update \\$BIIB](#)

[Vertex Pharmaceuticals Analysis – July 2015 Update \\$VRTX](#)

[Perrigo Company Analysis – July 2015 Update \\$PRGO](#)

[Amgen Inc. Analysis – June 2015 Update \\$AMGN](#)