ModernGraham Valuation

Company Name:

NetApp Inc.

Company Ticker

NTAP

Date of Analysis 9/24/2015



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.

 Adequate Size of the Enterprise 	Market Cap > \$2Bil	\$8,619,939,434 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.47 Pass
3. Earnings Stability	Positive EPS for 10 years prior	Pass
Dividend Record	Dividend Payments for 10 years prior Increase of 33% in EPS in past 10 years using 3 year averages at	Fail
5. Earnings Growth	beginning and end	202.12% Pass
6. Moderate PEmg Ratio	PEmg < 20	15.97 Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.96 Pass

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	2.47 Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.41 Pass
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 Yes Enterprising Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.83
MG Growth Estimate	6.11%
MG Value	\$37.94
MG Value based on 3% Growth	\$26.54
MG Value based on 0% Growth	\$15.56
Market Implied Growth Rate	3.73%

MG Opinion

Current Price \$29.23 % of Intrinsic Value 77.04% Opinion Fairly Valued

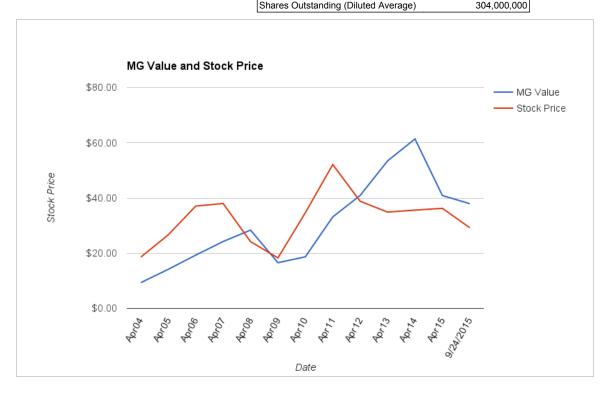
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$1.39
Graham Number	\$22.00
PEmg	15.97
Current Ratio	2.47
PB Ratio	2.96
Dividend Yield	2.31%
Number of Consecutive Years of Dividend Growth	3

Useful Links: ModernGraham tagged articles

Morningstar Google Finance MSN Money Yahoo Finance Seeking Alpha SEC Filings GuruFocus

EPS History		EPSmg History		
Next Fiscal Year Estimate	\$2.13	Next Fiscal Year Estimate		\$1.83
Apr15	\$1.75	Apr15		\$1.67
Apr14	\$1.83	Apr14		\$1.59
Apr13	\$1.37	Apr13		\$1.39
Apr12	\$1.58	Apr12		\$1.30
Apr11	\$1.71	Apr11		\$1.09
Apr10	\$1.13	Apr10		\$0.77
Apr09	\$0.26	Apr09		\$0.60
Apr08	\$0.86	Apr08		\$0.74
Apr07	\$0.77	Apr07		\$0.63
Apr06	\$0.69	Apr06		\$0.50
Apr05	\$0.59	Apr05		\$0.37
Apr04	\$0.42	Apr04		\$0.24
Apr03	\$0.22	Apr03		\$0.15
Apr02	\$0.01	Apr02		\$0.12
Apr01	\$0.21	Apr01		\$0.16
Apr00	\$0.21	Apr00		\$0.12
Apr99	\$0.12	Balance Sheet Information	Jul15	
Apr98	\$0.07	Total Current Assets		\$6,119,000,000
Apr97	\$0.00	Total Current Liabilities		\$2,480,000,000
Apr96	\$0.03	Long-Term Debt		\$1,488,000,000
		Total Assets		\$8,697,000,000
		Intangible Assets		\$1,091,000,000
		Total Liabilities		\$5,697,000,000
		Shares Outstanding (Diluted Average)		304 000 000





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 The Best Stocks of the IT Hardware Industry – September 2015
The 10 Best Stocks For Value Investors This Week – 6/20/15
NetApp Inc. Analysis – June 2015 Update \$NTAP
The Best Value Stocks of the IT Hardware Industry – May 2015

40 Companies in the Spotlight This Week – 2/21/15

Other ModernGraham posts about related companies EMC Corporation Analysis – September 2015 Update \$EMC

Analog Devices Inc. Analysis – September 2015 Update \$ADI

Garmin Limited Analysis – September 2015 Update \$GRMN

Texas Instruments Inc Analysis – September 2015 Update \$TXN

My Personal Holdings: Apple Inc. – September 2015 Update \$AAPL

The Best Stocks of the IT Hardware Industry – September 2015

Seagate Technology PLC Analysis – September 2015 Update \$STX

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