

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.

1. 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
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	202.12%	Pass
5. Earnings Growth			
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
GuruFocus	SEC Filings

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:

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company

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[NetApp Inc. Analysis – June 2015 Update \\$NTAP](#)
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[My Personal Holdings: Apple Inc. – September 2015 Update \\$AAPL](#)
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