

# ModernGraham Valuation



**Company Name:** Patterson Companies, Inc.

Company Ticker PDCO

Date of Analysis

9/22/2015

## 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	\$4,613,120,672	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.60	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	35.58%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	20.34	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.96	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	2.60	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.56	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

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$2.20
MG Growth Estimate	2.93%
<b>MG Value</b>	<b>\$31.53</b>
MG Value based on 3% Growth	\$31.85
MG Value based on 0% Growth	\$18.67
Market Implied Growth Rate	5.92%

### MG Opinion

Current Price	\$44.68
% of Intrinsic Value	141.70%
<b>Opinion</b>	<b>Overvalued</b>

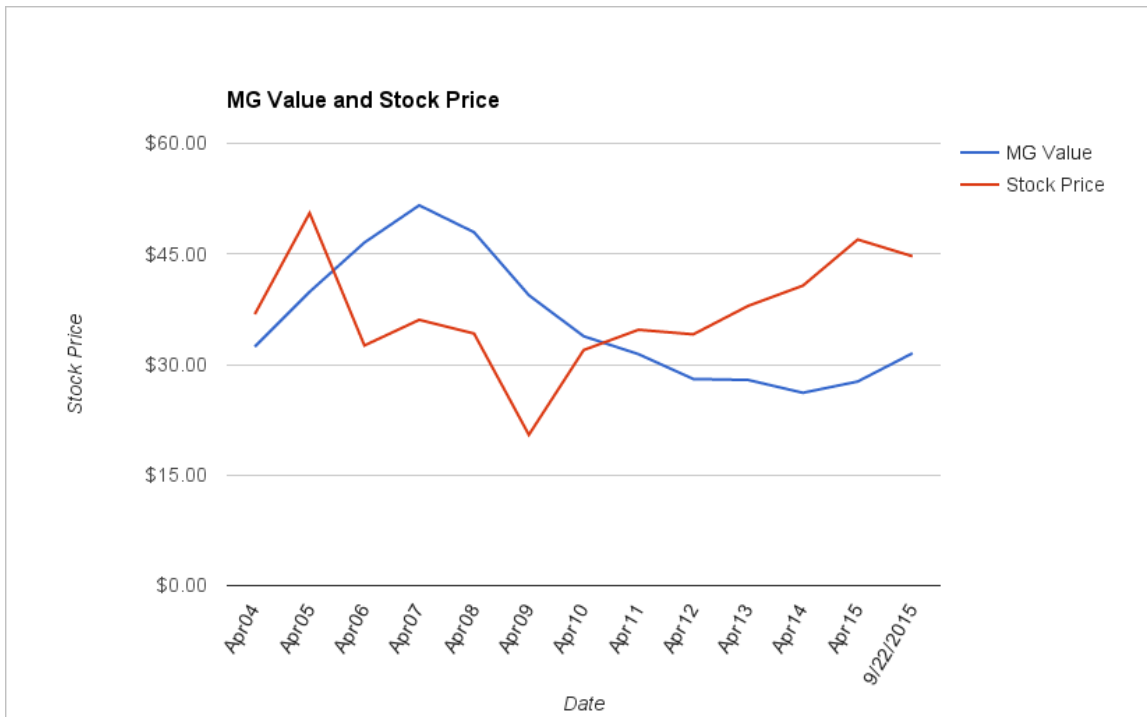
## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$9.22
Graham Number	\$28.26
PEmg	20.34
Current Ratio	2.60
PB Ratio	2.96
Dividend Yield	1.88%
Number of Consecutive Years of Dividend Growth	7

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.42	Next Fiscal Year Estimate	\$2.20
Apr15	\$2.24	Apr15	\$2.06
Apr14	\$1.97	Apr14	\$1.95
Apr13	\$2.03	Apr13	\$1.92
Apr12	\$1.92	Apr12	\$1.84
Apr11	\$1.89	Apr11	\$1.77
Apr10	\$1.78	Apr10	\$1.68
Apr09	\$1.69	Apr09	\$1.59
Apr08	\$1.69	Apr08	\$1.50
Apr07	\$1.51	Apr07	\$1.35
Apr06	\$1.43	Apr06	\$1.21
Apr05	\$1.32	Apr05	\$1.04
Apr04	\$1.09	Apr04	\$0.84
Apr03	\$0.88	Apr03	\$0.68
Apr02	\$0.70	Apr02	\$0.55
Apr01	\$0.57	Apr01	\$0.45
Apr00	\$0.48	Apr00	\$0.37
Apr99	\$0.37	<b>Balance Sheet Information Jul15</b>	
Apr98	\$0.31	Total Current Assets	\$1,801,802,000
Apr97	\$0.25	Total Current Liabilities	\$694,135,000
Apr96	\$0.22	Long-Term Debt	\$1,725,000,000
		Total Assets	\$4,239,654,000
		Intangible Assets	\$1,368,818,000
		Total Liabilities	\$2,725,601,000
		Shares Outstanding (Diluted Average)	100,162,000





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**

- [Patterson Companies Analysis – June 2015 Update \\$PDCO](#)
- [18 Companies in the Spotlight This Week – 3/15/15](#)
- [Patterson Companies Inc. Quarterly Valuation – March 2015 \\$PDCO](#)
- [32 Companies in the Spotlight This Week – 12/6/14](#)
- [Patterson Companies Quarterly Valuation – December 2014 \\$PDCO](#)

**Other ModernGraham posts about related companies**

- [Edwards Lifesciences Corporation Analysis – September 2015 Update \\$EW](#)
- [Baxter International Inc. Analysis – September 2015 Update \\$BAX](#)
- [Cerner Corporation Analysis – September 2015 Update \\$CERN](#)
- [Boston Scientific Inc. Analysis – September 2015 Update \\$BSX](#)
- [Intuitive Surgical Inc. Analysis – September 2015 Update \\$ISRG](#)
- [Dentsply International Inc. Analysis – August 2015 Update \\$XRAY](#)
- [Becton Dickinson & Company Analysis – August 2015 Update \\$BDX](#)
- [Align Technology Analysis – Initial Coverage \\$ALGN](#)
- [Varian Medical Systems Inc Analysis – August 2015 Update \\$VAR](#)
- [Psychemedics Corporation Analysis – August 2015 Update \\$PMD](#)