

ModernGraham Valuation

Company Name:

Waters Corporation

Company Ticker WAT

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	\$9,798,398,679	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	5.50	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	100.63%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	22.49	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	5.14	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	5.50	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.56	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	\$5.30
MG Growth Estimate	5.29%
MG Value	\$101.01
MG Value based on 3% Growth	\$76.80
MG Value based on 0% Growth	\$45.02
Market Implied Growth Rate	6.99%

MG Opinion

Current Price	\$119.10
% of Intrinsic Value	117.91%
Opinion	Overvalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$10.93
Graham Number	\$54.75
PEmg	22.49
Current Ratio	5.50
PB Ratio	5.14
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	\$5.70	Next Fiscal Year Estimate	\$5.30
Dec14	\$5.07	Dec14	\$5.01
Dec13	\$5.20	Dec13	\$4.82
Dec12	\$5.19	Dec12	\$4.45
Dec11	\$4.69	Dec11	\$3.92
Dec10	\$4.06	Dec10	\$3.38
Dec09	\$3.34	Dec09	\$2.89
Dec08	\$3.21	Dec08	\$2.55
Dec07	\$2.62	Dec07	\$2.12
Dec06	\$2.13	Dec06	\$1.79
Dec05	\$1.74	Dec05	\$1.53
Dec04	\$1.82	Dec04	\$1.36
Dec03	\$1.34	Dec03	\$1.11
Dec02	\$1.09	Dec02	\$0.96
Dec01	\$0.83	Dec01	\$0.81
Dec00	\$1.06	Dec00	\$0.70
Dec99	\$0.92	Dec99	\$0.44
Dec98	\$0.57	Balance Sheet Information Jun15	
Dec97	-\$0.08	Total Current Assets	\$3,006,957,000
Dec96	-\$0.03	Total Current Liabilities	\$546,694,000
Dec95	\$0.01	Long-Term Debt	\$1,385,000,000
		Total Assets	\$4,028,844,000
		Intangible Assets	\$576,500,000
		Total Liabilities	\$2,096,246,000
		Shares Outstanding (Diluted Average)	83,332,000





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

- [Waters Corporation Analysis – June 2015 Update \\$WAT](#)
- [18 Companies in the Spotlight This Week – 3/15/15](#)
- [Waters Corporation Quarterly Valuation – March 2015 \\$WAT](#)
- [26 Companies in the Spotlight This Week – 12/13/14](#)
- [Waters Corporation Quarterly Valuation – December 2014 \\$WAT](#)

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](#)