

# ModernGraham Valuation

Company Name:

Oracle Corporation

Company Ticker ORCL

Date of Analysis

10/2/2015



## 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	\$154,963,039,752	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	4.04	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	139.19%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	15.84	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.45	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	4.04	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.86	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

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

## Stage 2: Determination of Intrinsic Value

EPSmg	\$2.33
MG Growth Estimate	7.43%
<b>MG Value</b>	<b>\$54.35</b>
MG Value based on 3% Growth	\$33.75
MG Value based on 0% Growth	\$19.78
Market Implied Growth Rate	3.67%

### MG Opinion

Current Price	\$36.87
% of Intrinsic Value	67.84%
<b>Opinion</b>	<b>Undervalued</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$0.11
Graham Number	\$24.82
PEmg	15.84
Current Ratio	4.04
PB Ratio	3.45
Dividend Yield	1.46%
Number of Consecutive Years of Dividend Growth	3

### 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	\$2.49	Next Fiscal Year Estimate	\$2.33
May15	\$2.21	May15	\$2.20
May14	\$2.38	May14	\$2.09
May13	\$2.26	May13	\$1.84
May12	\$1.96	May12	\$1.56
May11	\$1.67	May11	\$1.29
May10	\$1.21	May10	\$1.06
May09	\$1.09	May09	\$0.93
May08	\$1.06	May08	\$0.80
May07	\$0.81	May07	\$0.65
May06	\$0.64	May06	\$0.54
May05	\$0.55	May05	\$0.48
May04	\$0.50	May04	\$0.49
May03	\$0.43	May03	\$0.49
May02	\$0.39	May02	\$0.50
May01	\$0.44	May01	\$0.50
May00	\$1.05	May00	\$0.46
May99	\$0.22	<b>Balance Sheet Information Aug15</b>	
May98	\$0.14	Total Current Assets	\$62,122,000,000
May97	\$0.14	Total Current Liabilities	\$15,391,000,000
May96	\$0.10	Long-Term Debt	\$40,050,000,000
		Total Assets	\$109,706,000,000
		Intangible Assets	\$40,088,000,000
		Total Liabilities	\$62,609,000,000
		Shares Outstanding (Diluted Average)	4,412,000,000





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 Companies of the Software Industry – August 2015](#)
- [The 9 Best Stocks For Value Investors This Week – 7/18/15](#)
- [Oracle Corporation Analysis – July 2015 Update \\$ORCL](#)
- [24 Companies in the Spotlight This Week – 3/28/15](#)
- [Oracle Corporation Quarterly Valuation – March 2015 \\$ORCL](#)

**Other ModernGraham posts about related companies**

- [CA Inc. Analysis – August 2015 Update \\$CA](#)
- [The Best Companies of the Software Industry – August 2015](#)
- [Ansys Inc. Analysis – Initial Coverage \\$ANSS](#)
- [Yahoo! Inc. Analysis – August 2015 Update \\$YHOO](#)
- [Autodesk Inc. Analysis – August 2015 Update \\$ADSK](#)
- [Microsoft Corporation Analysis – August 2015 Update \\$MSFT](#)
- [Cisco Systems Inc. Analysis – August 2015 Update \\$CSCO](#)
- [Google Inc. Analysis – July 2015 Update \\$GOOGL](#)
- [Intuit Inc. Analysis – July 2015 Update \\$INTU](#)
- [Oracle Corporation Analysis – July 2015 Update \\$ORCL](#)