

ModernGraham Valuation

Company Name:

Align Technology, Inc.

Company Ticker ALGN

Date of Analysis

11/12/2015



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	\$5,113,601,817	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.91	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	274.34%	Pass
6. Moderate PEmg Ratio	PEmg < 20	48.08	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	6.54	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	2.91	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	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	\$1.34
MG Growth Estimate	15.00%
MG Value	\$51.51
MG Value based on 3% Growth	\$19.40
MG Value based on 0% Growth	\$11.37
Market Implied Growth Rate	19.79%

MG Opinion

Current Price	\$64.33
% of Intrinsic Value	124.88%
Opinion	Overvalued

Stage 3: Information for Further Research

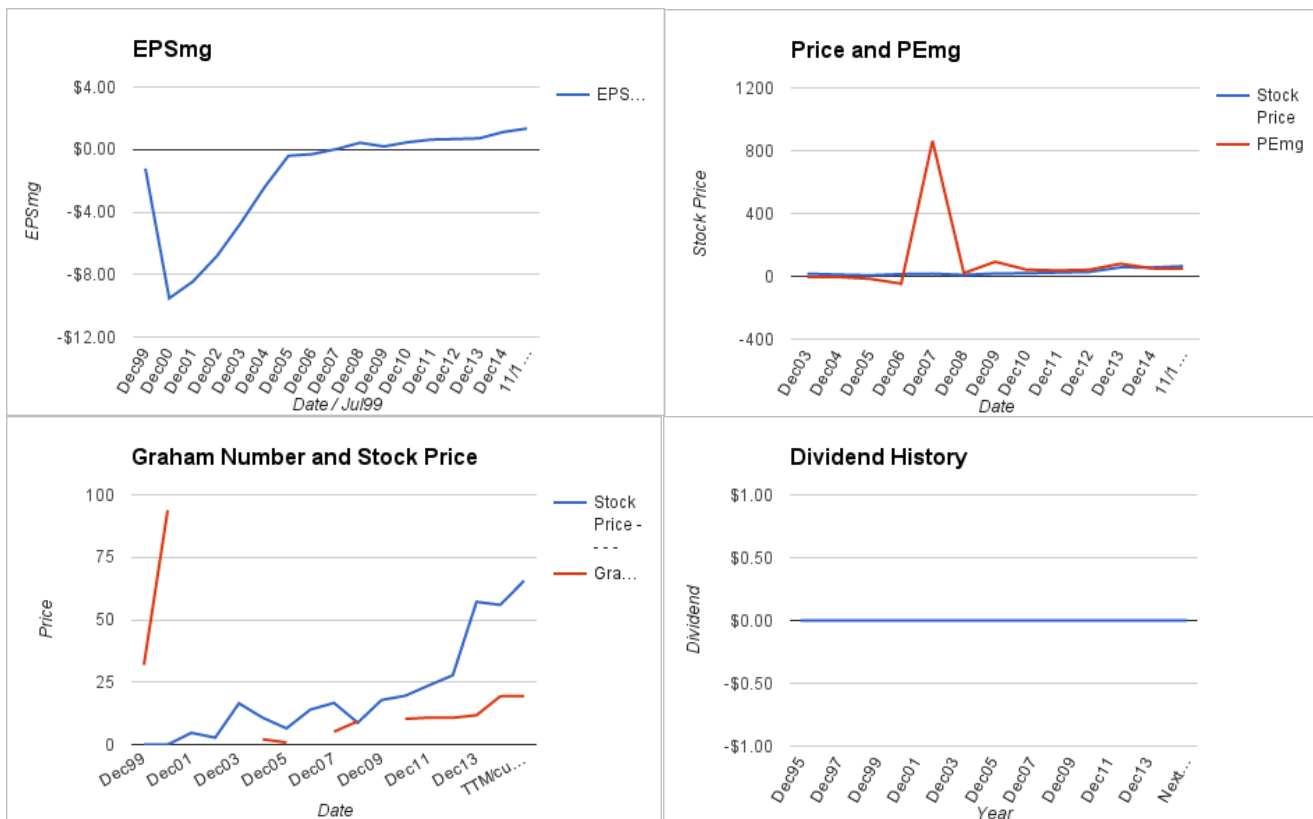
Net Current Asset Value (NCAV)	\$5.31
Graham Number	\$19.41
PEmg	48.08
Current Ratio	2.91
PB Ratio	6.54
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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	\$1.68	Next Fiscal Year Estimate	\$1.34
Dec14	\$1.77	Dec14	\$1.11
Dec13	\$0.78	Dec13	\$0.71
Dec12	\$0.71	Dec12	\$0.67
Dec11	\$0.83	Dec11	\$0.63
Dec10	\$0.95	Dec10	\$0.46
Dec09	-\$0.45	Dec09	\$0.19
Dec08	\$1.18	Dec08	\$0.43
Dec07	\$0.50	Dec07	\$0.02
Dec06	-\$0.55	Dec06	-\$0.30
Dec05	\$0.02	Dec05	-\$0.40
Dec04	\$0.14	Dec04	-\$2.41
Dec03	-\$0.35	Dec03	-\$4.71
Dec02	-\$1.52	Dec02	-\$6.82
Dec01	-\$2.61	Dec01	-\$8.44
Dec00	-\$25.64	Dec00	-\$9.52
Dec99	-\$3.65	Dec99	-\$1.22
Dec98	\$0.00	Balance Sheet Information Sep15	
Dec97	\$0.00	Total Current Assets	\$711,733,000
Dec96	\$0.00	Total Current Liabilities	\$244,511,000
Dec95	\$0.00	Long-Term Debt	\$0
		Total Assets	\$1,079,562,000
		Intangible Assets	\$79,715,000
		Total Liabilities	\$281,303,000
		Shares Outstanding (Diluted Average)	81,092,000





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

[Align Technology Analysis – Initial Coverage \\$ALGN](#)

Other ModernGraham posts about related companies

[Psychomedics Corporation Valuation – November 2015 Update \\$PMD](#)

[C.R. Bard Inc. Valuation – November 2015 Update \\$BCR](#)

[Henry Schein Inc. Valuation – October 2015 Update \\$HSIC](#)

[Medtronic PLC Valuation – October 2015 Update \\$MDT](#)

[PerkinElmer Inc. Analysis – October 2015 Update \\$PKI](#)

[Quest Diagnostics Inc. Analysis – October 2015 Update \\$DGX](#)

[Stryker Corporation Analysis – October 2015 Update \\$SYK](#)

[The Best Companies of the Medical Industry – September 2015](#)

[Zimmer Biomet Holdings Inc. Analysis – September 2015 Update \\$ZBH](#)

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