ModernGraham Valuation

Company Name:

Varian Medical Systems, Inc.



4.60 Fail

Company Ticker
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.

5. Earnings Growth

6. Moderate PEmg Ratio

7. Moderate Price to Assets

VAR

 Adequate Size of the Enterprise 	Market Cap > \$2Bil	\$7,820,345,809 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.83 Fail
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	

Increase of 33% in EPS in past 10
years using 3 year averages at
beginning and end 87.21% Pass
PEmg < 20 19.33 Pass

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.83 Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.30 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

PB Ratio < 2.5 OR PB*PEmg < 50

Suitability

Defensive No Enterprising Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.10
MG Growth Estimate	4.11%
MG Value	\$68.48
MG Value based on 3% Growth	\$59.42
MG Value based on 0% Growth	\$34.83
Market Implied Growth Rate	5.42%

MG Opinion

 Current Price
 \$79.22

 % of Intrinsic Value
 115.68%

Opinion Overvalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$6.40
Graham Number	\$41.17
PEmg	19.33
Current Ratio	1.83
PB Ratio	4.60
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

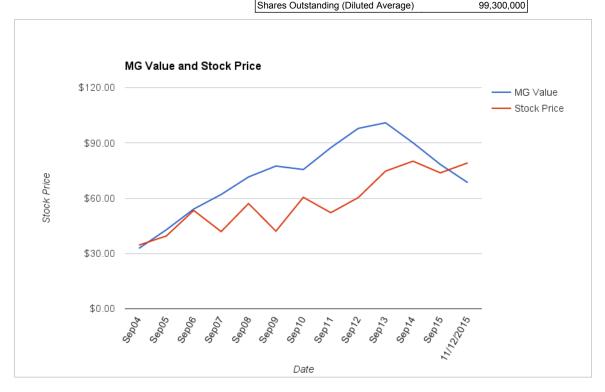
Useful Links: ModernGraham tagged articles Morningstar

 Google Finance
 MSN Money

 Yahoo Finance
 Seeking Alpha

 GuruFocus
 SEC Filings

EPS History		EPSmg History		
Next Fiscal Year Estimate	\$4.38	Next Fiscal Year Estimate		\$4.10
Sep15	\$4.09	Sep15		\$3.91
Sep14	\$3.83	Sep14		\$3.73
Sep13	\$3.98	Sep13		\$3.56
Sep12	\$3.76	Sep12		\$3.22
Sep11	\$3.36	Sep11		\$2.82
Sep10	\$2.91	Sep10		\$2.45
Sep09	\$2.55	Sep09		\$2.14
Sep08	\$2.19	Sep08		\$1.86
Sep07	\$1.83	Sep07		\$1.61
Sep06	\$1.81	Sep06		\$1.41
Sep05	\$1.50	Sep05		\$1.11
Sep04	\$1.18	Sep04		\$0.85
Sep03	\$0.92	Sep03		\$0.60
Sep02	\$0.67	Sep02		\$0.42
Sep01	\$0.40	Sep01		\$0.34
Sep00	\$0.41	Sep00		\$0.39
Sep99	-\$0.20	Balance Sheet Information	Sep15	
Sep98	\$0.61	Total Current Assets		\$2,525,045,000
Sep97	\$0.92	Total Current Liabilities		\$1,382,904,000
Sep96	\$0.95	Long-Term Debt		\$337,500,000
		Total Assets		\$3,600,748,000
		Intangible Assets		\$283,452,000
		Total Liabilities		\$1,889,148,000
		Shares Outstanding (Diluted Average)		99.300.000





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 Medical Industry – September 2015

The 20 Best Stocks For Value Investors This Week – 8/15/15

Varian Medical Systems Inc Analysis – August 2015 Update \$VAR

47 Companies in the Spotlight This Week - 5/16/15

Varian Medical Systems Inc. Quarterly Valuation – May 2015 \$VAR

Other ModernGraham posts about related companies

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C.R. Bard Inc. Valuation – November 2015 Update \$BCR

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PerkinElmer Inc. Analysis – October 2015 Update \$PKI

Quest Diagnostics Inc. Analysis - October 2015 Update \$DGX

Stryker Corporation Analysis – October 2015 Update \$SYK

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