ModernGraham Valuation

Company Name: Oracle Corporation

Company Ticker   ORCL

Date of Analysis   1/6/2016

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	$150,402,564,884	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	4.26	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
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	132.43%	Pass
6. Moderate PEmg Ratio	PEmg < 20	15.86	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.37	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	4.26	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.89	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

Defensive	**No**
Enterprising	**Yes**

Stage 2: Determination of Intrinsic Value

EPSmg	$2.26
MG Growth Estimate	6.78%
MG Value	**$49.89**
MG Value based on 3% Growth	$32.78
MG Value based on 0% Growth	$19.22
Market Implied Growth Rate	3.68%

MG Opinion

Current Price	$35.86
% of Intrinsic Value	71.88%
Opinion	**Undervalued**

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-$0.45
Graham Number	$23.71
PEmg	15.86
Current Ratio	4.26
PB Ratio	3.37
Dividend Yield	1.59%
Number of Consecutive Years of Dividend Growth	3

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	$2.29	Next Fiscal Year Estimate	$2.26
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	**Balance Sheet Information**	**Nov15**
May98	$0.14	Total Current Assets	$58,618,000,000
May97	$0.14	Total Current Liabilities	$13,754,000,000
May96	$0.10	Long-Term Debt	$39,940,000,000
		Total Assets	$106,483,000,000
		Intangible Assets	$39,770,000,000
		Total Liabilities	$60,559,000,000
		Shares Outstanding (Diluted Average)	4,316,000,000

MG Value and Stock Price

EPSmg

Price and PEmg

Graham Number and Stock Price

Dividend History

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	13 Best Stocks For Value Investors This Week – 10/3/15
	Oracle Corporation Analysis – October 2015 Update $ORCL
	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
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	Cisco Systems Inc. Valuation – November 2015 Update $CSCO
	Alphabet Inc. Valuation – October 2015 Update $GOOG $GOOGL
	Intuit Inc. Analysis – October 2015 Update $INTU
	Oracle Corporation Analysis – October 2015 Update $ORCL
	CA Inc. Analysis – August 2015 Update $CA
	The Best Companies of the Software Industry – August 2015
	Ansys Inc. Analysis – Initial Coverage $ANSS