

ModernGraham Valuation

Company Name:

Company Ticker PDCO
Date of Analysis

Patterson
Companies, Inc.

2/16/2016



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	\$4,438,745,741	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.09	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	27.20%	Fail
6. Moderate PEmg Ratio	PEmg < 20	21.15	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.17	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	2.09	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.19	Fail
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	\$2.06
MG Growth Estimate	1.81%
MG Value	\$24.97
MG Value based on 3% Growth	\$29.87
MG Value based on 0% Growth	\$17.51
Market Implied Growth Rate	6.33%

MG Opinion

Current Price	\$43.57
% of Intrinsic Value	174.46%
Opinion	Overvalued
MG Grade	C

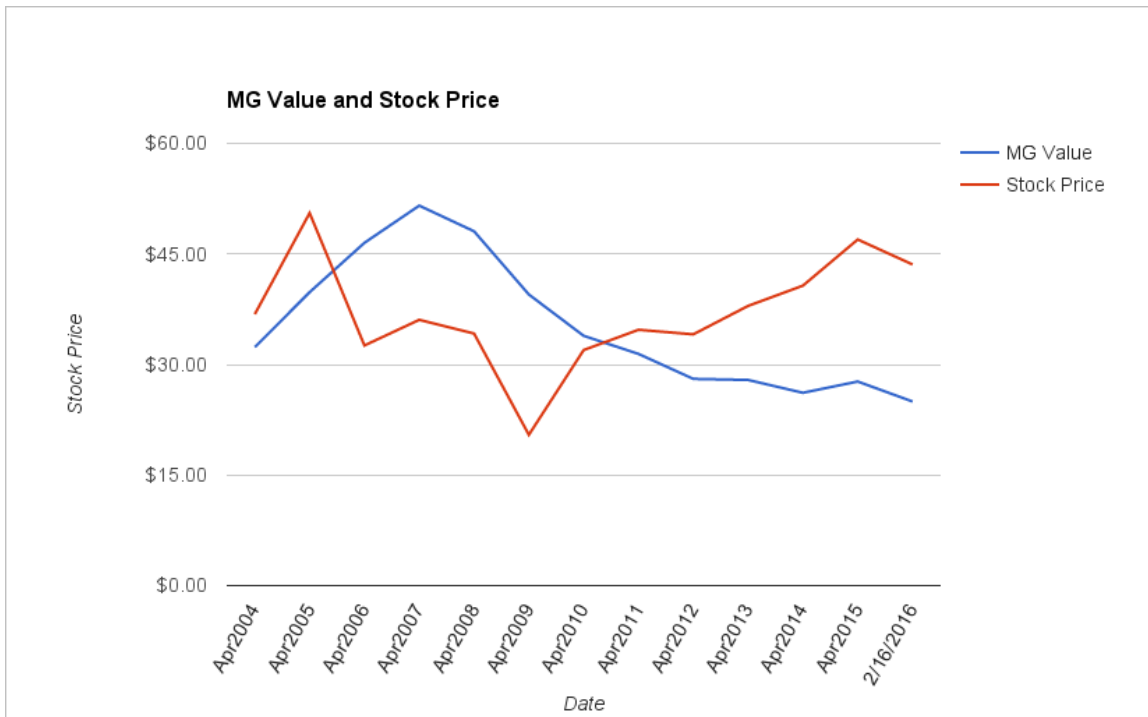
Stage 3: Information for Further Research

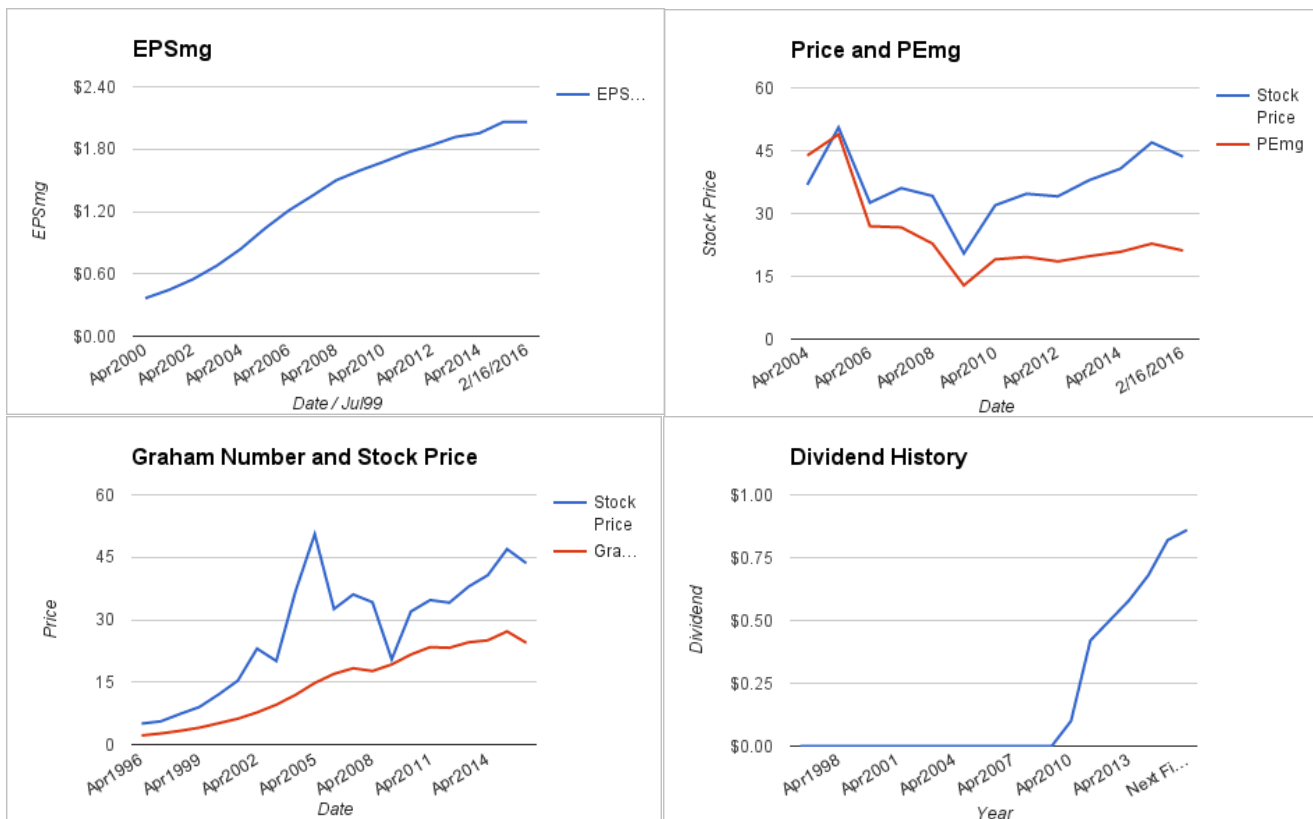
Net Current Asset Value (NCAV)	-\$4.26
Graham Number	\$24.43
PEmg	21.15
Current Ratio	2.09
PB Ratio	3.17
Dividend Yield	1.97%
Number of Consecutive Years of Dividend Growth	7

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.01	Next Fiscal Year Estimate	\$2.06
Apr2015	\$2.24	Apr2015	\$2.06
Apr2014	\$1.97	Apr2014	\$1.95
Apr2013	\$2.03	Apr2013	\$1.92
Apr2012	\$1.92	Apr2012	\$1.84
Apr2011	\$1.89	Apr2011	\$1.77
Apr2010	\$1.78	Apr2010	\$1.68
Apr2009	\$1.69	Apr2009	\$1.59
Apr2008	\$1.69	Apr2008	\$1.50
Apr2007	\$1.51	Apr2007	\$1.35
Apr2006	\$1.43	Apr2006	\$1.21
Apr2005	\$1.32	Apr2005	\$1.03
Apr2004	\$1.08	Apr2004	\$0.84
Apr2003	\$0.88	Apr2003	\$0.68
Apr2002	\$0.70	Apr2002	\$0.55
Apr2001	\$0.57	Apr2001	\$0.45
Apr2000	\$0.48	Apr2000	\$0.37
Apr1999	\$0.37	Balance Sheet Information Oct2015	
Apr1998	\$0.31	Total Current Assets	\$1,665,930,000
Apr1997	\$0.25	Total Current Liabilities	\$798,356,000
Apr1996	\$0.22	Long-Term Debt	\$1,034,884,000
		Total Assets	\$3,451,838,000
		Intangible Assets	\$1,354,674,000
		Total Liabilities	\$2,088,581,000
		Shares Outstanding (Diluted Average)	99,185,000





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:

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[Patterson Companies Analysis – June 2015 Update \\$PDCO](#)

[18 Companies in the Spotlight This Week – 3/15/15](#)

[Patterson Companies Inc. Quarterly Valuation – March 2015 \\$PDCO](#)

[32 Companies in the Spotlight This Week – 12/6/14](#)

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[Cerner Corporation Valuation – February 2016 Update \\$CERN](#)

[Henry Schein Inc Valuation – February 2016 Update \\$HSIC](#)

[Medtronic PLC Valuation – January 2016 Update \\$MDT](#)

[PerkinElmer Inc Valuation – January 2016 Update \\$PKI](#)

[Quest Diagnostics Inc Valuation – January 2016 Update \\$DGX](#)

[Dentsply International Inc Valuation – November 2015 Update \\$XRAY](#)

[UnitedHealth Group Inc. Valuation – November 2015 Update \\$UNH](#)

[DaVita HealthCare Partners Inc Valuation – November 2015 Update \\$DVA](#)

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