

ModernGraham Valuation

Company Name:

Western Digital Corp

Company Ticker

WDC

Date of Analysis

2/11/2016



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	\$9,346,104,323	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.76	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	106.53%	Pass
5. Earnings Growth	PEmg < 20	7.34	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	0.98	Pass
7. Moderate Price to Assets			

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	2.76	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.36	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	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$5.46
MG Growth Estimate	2.30%
MG Value	\$71.58
MG Value based on 3% Growth	\$79.22
MG Value based on 0% Growth	\$46.44
Market Implied Growth Rate	-0.58%

MG Opinion

Current Price	\$40.11
% of Intrinsic Value	56.03%
Opinion	Undervalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$12.99
Graham Number	\$64.83
PEmg	7.34
Current Ratio	2.76
PB Ratio	0.98
Dividend Yield	4.99%
Number of Consecutive Years of Dividend Growth	4

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	\$4.53	Next Fiscal Year Estimate	\$5.46
Jun2015	\$6.18	Jun2015	\$5.72
Jun2014	\$6.68	Jun2014	\$5.41
Jun2013	\$3.98	Jun2013	\$4.63
Jun2012	\$6.58	Jun2012	\$4.74
Jun2011	\$3.09	Jun2011	\$3.71
Jun2010	\$5.93	Jun2010	\$3.75
Jun2009	\$2.08	Jun2009	\$2.51
Jun2008	\$3.84	Jun2008	\$2.46
Jun2007	\$2.50	Jun2007	\$1.63
Jun2006	\$1.76	Jun2006	\$1.10
Jun2005	\$0.90	Jun2005	\$0.68
Jun2004	\$0.69	Jun2004	\$0.31
Jun2003	\$0.87	Jun2003	-\$0.41
Jun2002	\$0.34	Jun2002	-\$1.46
Jun2001	-\$0.31	Jun2001	-\$2.17
Jun2000	-\$2.69	Jun2000	-\$2.58
Jun1999	-\$5.51	<div>Balance Sheet InformationDec2015</div>	
Jun1998	-\$3.32	Total Current Assets\$8,948,000,000	
Jun1997	\$2.86	Total Current Liabilities\$3,245,000,000	
Jun1996	\$1.01	Long-Term Debt\$2,062,000,000	
		Total Assets\$15,466,000,000	
		Intangible Assets\$3,058,000,000	
		Total Liabilities\$5,909,000,000	
		Shares Outstanding (Diluted Average)234,000,000	





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author held a long position in WDC at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

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ModernGraham
posts about the
company

[10 Low PE Stocks for the Defensive Investor – February 2016](#)
[The Best Stocks of the IT Hardware Industry – September 2015](#)
[The 20 Best Stocks For Value Investors This Week – 7/25/15](#)
[Western Digital Corporation Analysis – July 2015 Update \\$WDC](#)
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[MTS Systems Corp Valuation – February 2016 Update \\$MTSC](#)
[Linear Technology Corp Valuation – January 2016 Update \\$LLTC](#)
[Seagate Technology PLC Valuation – January 2016 Update \\$STX](#)
[Microchip Technology Inc Valuation – January 2016 Update \\$MCHP](#)
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[Lam Research Corp Valuation – January 2016 Update \\$LRCX](#)