# **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.

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	
5. Earnings Growth	beginning and end	106.53% Pass
6. Moderate PEmg Ratio	PEmg < 20	7.34 Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	0.98 Pass

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

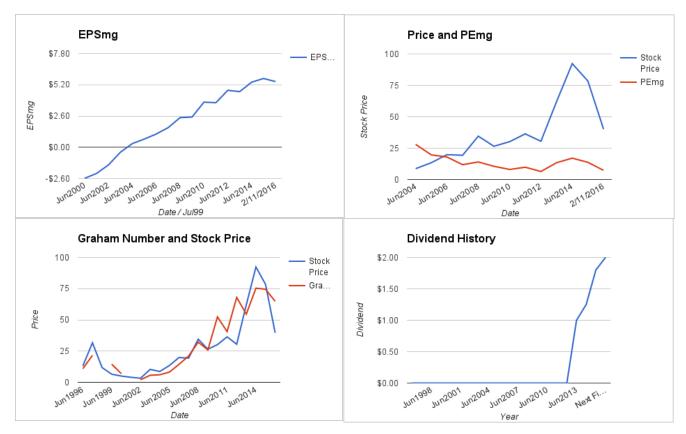
Morningstar

Useful Links: ModernGraham tagged articles

Google Finance
Yahoo Finance
GuruFocus
Seeking Alpha
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	Balance Sheet Information	Dec2015
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:**

Other 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
The Best Value Stocks of the IT Hardware Industry – May 2015

Texas Instruments Inc Valuation – February 2016 \$TXN

Other ModernGraham posts about related companies

Apple Inc Valuation – February 2016 \$AAPL

Ametek Inc Valuation – February 2016 Update \$AME

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

Avago Technologies Ltd Valuation – January 2016 Update \$AVGO

KLA-Tencor Corp Valuation – January 2016 Update \$KLAC

Lam Research Corp Valuation – January 2016 Update \$LRCX