

# ModernGraham Valuation

Company Name:

NetApp Inc.

Company Ticker NTAP

Date of Analysis

3/22/2016



## 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	\$7,616,592,961	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.45	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	214.29%	Pass
6. Moderate PEmg Ratio	PEmg < 20	14.61	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.55	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	2.45	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.42	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

<b>Defensive</b>	<b>Yes</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$1.83
MG Growth Estimate	6.30%
<b>MG Value</b>	<b>\$38.71</b>
MG Value based on 3% Growth	\$26.59
MG Value based on 0% Growth	\$15.59
Market Implied Growth Rate	3.05%

### MG Opinion

Current Price	\$26.79
% of Intrinsic Value	69.21%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>B+</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$1.31
Graham Number	\$22.68
PEmg	14.61
Current Ratio	2.45
PB Ratio	2.55
Dividend Yield	2.63%
Number of Consecutive Years of Dividend Growth	3

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.14	Next Fiscal Year Estimate	\$1.83
Apr2015	\$1.75	Apr2015	\$1.67
Apr2014	\$1.83	Apr2014	\$1.59
Apr2013	\$1.37	Apr2013	\$1.38
Apr2012	\$1.58	Apr2012	\$1.29
Apr2011	\$1.71	Apr2011	\$1.08
Apr2010	\$1.13	Apr2010	\$0.75
Apr2009	\$0.19	Apr2009	\$0.58
Apr2008	\$0.86	Apr2008	\$0.74
Apr2007	\$0.77	Apr2007	\$0.63
Apr2006	\$0.69	Apr2006	\$0.50
Apr2005	\$0.59	Apr2005	\$0.37
Apr2004	\$0.42	Apr2004	\$0.24
Apr2003	\$0.22	Apr2003	\$0.15
Apr2002	\$0.01	Apr2002	\$0.12
Apr2001	\$0.21	Apr2001	\$0.16
Apr2000	\$0.21	Apr2000	\$0.12
Apr1999	\$0.11	<b>Balance Sheet Information Jan2016</b>	
Apr1998	\$0.07	Total Current Assets	\$6,064,000,000
Apr1997	\$0.00	Total Current Liabilities	\$2,476,000,000
Apr1996	\$0.03	Long-Term Debt	\$1,490,000,000
		Total Assets	\$8,785,000,000
		Intangible Assets	\$1,064,000,000
		Total Liabilities	\$5,676,000,000
		Shares Outstanding (Diluted Average)	296,000,000





Disclaimer:

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

The author 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

- [10 Best Stocks For Value Investors This Week – 9/26/15](#)
- [The Best Stocks of the IT Hardware Industry – September 2015](#)
- [The 10 Best Stocks For Value Investors This Week – 6/20/15](#)
- [NetApp Inc. Analysis – June 2015 Update \\$NTAP](#)
- [The Best Value Stocks of the IT Hardware Industry – May 2015](#)

Other ModernGraham posts about related companies

- [Applied Materials Inc Valuation – February 2016 \\$AMAT](#)
- [Skyworks Solutions Inc Stock Valuation – February 2016 \\$SWKS](#)
- [Analog Devices Inc Stock Valuation – February 2016 \\$ADI](#)
- [Emerson Electric Co Valuation – February 2016 \\$EMR](#)
- [Agilent Technologies Inc Valuation – February 2016](#)
- [Western Digital Corp Valuation – February 2016](#)
- [Xilinx Inc Valuation – February 2016 \\$XLNX](#)
- [Texas Instruments Inc Valuation – February 2016 \\$TXN](#)
- [Apple Inc Valuation – February 2016 \\$AAPL](#)
- [Ametek Inc Valuation – February 2016 Update \\$AME](#)