ModernGraham Valuation

Company Name: Align Technology, Inc.

Company Ticker   ALGN

Date of Analysis   5/12/2016

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	$6,057,308,498 Pass
2.	Sufficiently Strong Financial Condition	Current Ratio > 2	2.85 Pass
3.	Earnings Stability	Positive EPS for 10 years prior	Fail
4.	Dividend Record	Dividend Payments for 10 years prior	Pass
5.	Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	358.54% Pass
6.	Moderate PEmg Ratio	PEmg < 20	45.17 Fail
7.	Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	6.91 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	2.85 Pass
2.	Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00 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	$1.68
MG Growth Estimate	15.00%
MG Value	**$64.58**
MG Value based on 3% Growth	$24.32
MG Value based on 0% Growth	$14.26
Market Implied Growth Rate	18.34%

MG Opinion

Current Price	$75.77
% of Intrinsic Value	117.33%
Opinion	**Overvalued**
MG Grade	**C**

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	$5.75
Graham Number	$0.00
PEmg	45.17
Current Ratio	2.85
PB Ratio	6.91
Dividend Yield	2.84%
Number of Consecutive Years of Dividend Growth	0

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	$2.10	Next Fiscal Year Estimate	$1.68
Dec2015	$1.77	Dec2015	$1.37
Dec2014	$1.77	Dec2014	$1.11
Dec2013	$0.78	Dec2013	$0.71
Dec2012	$0.71	Dec2012	$0.67
Dec2011	$0.83	Dec2011	$0.63
Dec2010	$0.95	Dec2010	$0.46
Dec2009	-$0.45	Dec2009	$0.19
Dec2008	$1.18	Dec2008	$0.43
Dec2007	$0.50	Dec2007	$0.02
Dec2006	-$0.55	Dec2006	-$0.29
Dec2005	$0.02	Dec2005	-$0.39
Dec2004	$0.14	Dec2004	-$2.38
Dec2003	-$0.35	Dec2003	-$4.67
Dec2002	-$1.42	Dec2002	-$6.77
Dec2001	-$2.57	Dec2001	-$8.42
Dec2000	-$25.64	Dec2000	-$9.52

EPS History		Balance Sheet Information	Mar2016
Dec1999	-$3.65	Total Current Assets	$783,003,000
Dec1998	$0.00	Total Current Liabilities	$274,750,000
Dec1997	$0.00	Long-Term Debt	$0
Dec1996	$0.00	Total Assets	$1,207,560,000
		Intangible Assets	$78,606,000
		Total Liabilities	$315,530,000
		Shares Outstanding (Diluted Average)	81,320,000

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	Align Technology Inc. Valuation – November 2015 Update $ALGN
	Align Technology Analysis – Initial Coverage $ALGN

Other ModernGraham posts about related companies	C.R. Bard Inc Stock Valuation – February 2016 $BCR
	Psychemedics Corp Stock Valuation – February 2016 $PMD
	Patterson Companies Inc Stock Valuation – February 2016 $PDCO
	Edwards Lifesciences Corp Valuation – February 2016 $EW
	Baxter International Inc Valuation – February 2016 $BAX
	Cerner Corporation Valuation – February 2016 Update $CERN
	Henry Schein Inc Valuation – February 2016 Update $HSIC
	Medtronic PLC Valuation – January 2016 Update $MDT
	Intuitive Surgical Inc Valuation – January 2016 Update $ISRG
	PerkinElmer Inc Valuation – January 2016 Update $PKI

3