

# ModernGraham Valuation

Company Name:

Waters Corporation

Company Ticker

WAT

Date of Analysis

5/14/2016



## 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	\$10,940,909,123	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	6.32	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	85.61%	Pass
5. Earnings Growth	PEmg < 20	23.81	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	5.26	Fail
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	6.32	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.57	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$5.66
MG Growth Estimate	4.07%
<b>MG Value</b>	<b>\$94.18</b>
MG Value based on 3% Growth	\$82.07
MG Value based on 0% Growth	\$48.11
Market Implied Growth Rate	7.65%

### MG Opinion

Current Price	\$134.76
% of Intrinsic Value	143.08%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>C</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$12.73
Graham Number	\$60.68
PEmg	23.81
Current Ratio	6.32
PB Ratio	5.26
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

### 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>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$6.30	Next Fiscal Year Estimate	\$5.66
12/1/2015	\$5.65	12/1/2015	\$5.28
12/1/2014	\$5.07	12/1/2014	\$5.01
12/1/2013	\$5.20	12/1/2013	\$4.82
12/1/2012	\$5.19	12/1/2012	\$4.45
12/1/2011	\$4.69	12/1/2011	\$3.92
12/1/2010	\$4.06	12/1/2010	\$3.38
12/1/2009	\$3.34	12/1/2009	\$2.89
12/1/2008	\$3.21	12/1/2008	\$2.55
12/1/2007	\$2.62	12/1/2007	\$2.12
12/1/2006	\$2.13	12/1/2006	\$1.79
12/1/2005	\$1.74	12/1/2005	\$1.53
12/1/2004	\$1.82	12/1/2004	\$1.36
12/1/2003	\$1.34	12/1/2003	\$1.11
12/1/2002	\$1.09	12/1/2002	\$0.96
12/1/2001	\$0.83	12/1/2001	\$0.81
12/1/2000	\$1.06	12/1/2000	\$0.70
12/1/1999	\$0.92	<b>Balance Sheet Information 3/1/2016</b>	
12/1/1998	\$0.57	Total Current Assets	\$3,310,619,000
12/1/1997	-\$0.08	Total Current Liabilities	\$524,030,000
12/1/1996	-\$0.03	Long-term Debt	\$1,593,301,000
		Total Assets	\$4,368,395,000
		Intangible Assets	\$580,244,000
		Total Liabilities	\$2,266,709,000
		Shares Outstanding (Diluted Average)	81,974,000





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

[Waters Corporation Analysis – September 2015 Update \\$WAT](#)  
[Waters Corporation Analysis – September 2015 Update \\$WAT](#)  
[Waters Corporation Analysis – June 2015 Update \\$WAT](#)  
[18 Companies in the Spotlight This Week – 3/15/15](#)  
[Waters Corporation Quarterly Valuation – March 2015 \\$WAT](#)

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[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](#)