# **ModernGraham Valuation**

### **Company Name:**

Varian Medical Systems, Inc.



Company Ticker
Date of Analysis

6/30/2016

## 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.

VAR

<ol> <li>Adequate Size of the Enterprise</li> </ol>	Market Cap > \$2Bil	\$7,967,875,583 Pass
2. Sufficiently Strong Financial Conditi	on Current Ratio > 2	1.64 Fail
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	

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.64 Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.29 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

Defensive No Enterprising Yes

#### Stage 2: Determination of Intrinsic Value

EPSmg	\$4.08
MG Growth Estimate	4.04%
MG Value	\$67.75
MG Value based on 3% Growth	\$59.23
MG Value based on 0% Growth	\$34.72
Market Implied Growth Rate	5.82%

MG Opinion

Current Price \$82.23 % of Intrinsic Value 121.37%

Opinion Overvalued

MG Grade C

#### Stage 3: Information for Further Research

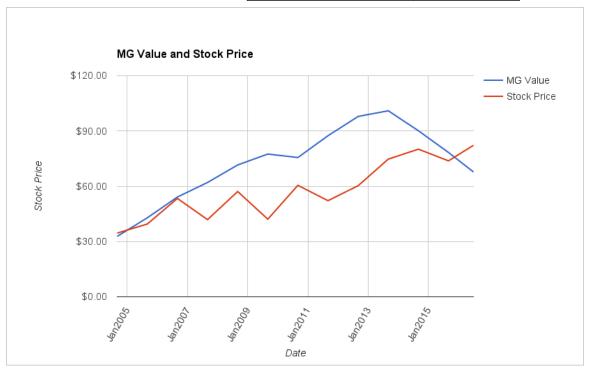
Net Current Asset Value (NCAV)	\$6.20
Graham Number	\$41.56
PEmg	20.13
Current Ratio	1.64
PB Ratio	4.68
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

Morningstar

Useful Links: ModernGraham tagged articles

Google Finance MSN Money

EPS History		EPSmg History	
Next Fiscal Year	<b>\$4.24</b>	Nort Final Van Estimate	<b>\$4.00</b>
Estimate	,	Next Fiscal Year Estimate	\$4.08
Sep2015	\$4.09	· '	\$3.91
Sep2014	\$3.83	Sep2014	\$3.73
Sep2013	\$3.98	Sep2013	\$3.56
Sep2012	\$3.76	Sep2012	\$3.22
Sep2011	\$3.36	Sep2011	\$2.82
Sep2010	\$2.91	Sep2010	\$2.45
Sep2009	\$2.55	Sep2009	\$2.14
Sep2008	\$2.19	Sep2008	\$1.86
Sep2007	\$1.83	Sep2007	\$1.61
Sep2006	\$1.81	Sep2006	\$1.41
Sep2005	\$1.50	Sep2005	\$1.11
Sep2004	\$1.18	Sep2004	\$0.85
Sep2003	\$0.92	Sep2003	\$0.60
Sep2002	\$0.67	Sep2002	\$0.42
Sep2001	\$0.40	Sep2001	\$0.34
Sep2000	\$0.41	Sep2000	\$0.39
Sep1999	-\$0.20	Balance Sheet Information	3/1/2016
Sep1998	\$0.61	Total Current Assets	\$2,773,217,000
Sep1997	\$0.92	Total Current Liabilities	\$1,694,140,000
Sep1996	\$0.95	Long-Term Debt	\$312,500,000
		Total Assets	\$3,866,258,000
		Intangible Assets	\$283,947,000
		Total Liabilities	\$2,176,487,000
		Shares Outstanding (Diluted Average)	96,179,000





#### 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 Varian Medical Systems Inc. Valuation – November 2015 Update \$VAR

The Best Companies of the Medical Industry – September 2015

The 20 Best Stocks For Value Investors This Week  $-\ 8/15/15$ 

Varian Medical Systems Inc Analysis – August 2015 Update \$VAR

47 Companies in the Spotlight This Week - 5/16/15

Other ModernGraham posts about related companies

St. Jude Medical Inc Valuation – June 2016 \$STJ

Zimmer Biomet Holdings Inc Valuation – June 2016 \$ZBH

Waters Corporation Valuation - May 2016 \$WAT

Align Technology Inc Valuation - May 2016 \$ALGN

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