

# ModernGraham Valuation

## Company Name:

Company Ticker VAR  
Date of Analysis

Varian Medical  
Systems, Inc.

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.*

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$7,967,875,583	Pass
2. Sufficiently Strong Financial Condition	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 years using 3 year averages at beginning and end	86.61%	Pass
5. Earnings Growth	PEmg < 20	20.13	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	4.68	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	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

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

## Stage 2: Determination of Intrinsic Value

EPSmg	\$4.08
MG Growth Estimate	4.04%
<b>MG Value</b>	<b>\$67.75</b>
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%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>C</b>

## 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

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.34	Next Fiscal Year Estimate	\$4.08
Sep2015	\$4.09	Sep2015	\$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	<b>Balance Sheet Information 3/1/2016</b>	
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:

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[C.R. Bard Inc Stock Valuation – February 2016 \\$BCR](#)

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