

ModernGraham Valuation

Company Name:

Oracle Corporation

Company Ticker

ORCL

Date of Analysis

7/17/2016



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	\$172,619,664,184	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.74	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	106.55%	Pass
5. Earnings Growth	PEmg < 20	17.78	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	3.80	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	3.74	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.85	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	\$2.35
MG Growth Estimate	4.11%
MG Value	\$39.25
MG Value based on 3% Growth	\$34.06
MG Value based on 0% Growth	\$19.96
Market Implied Growth Rate	4.64%

MG Opinion

Current Price	\$41.77
% of Intrinsic Value	106.43%
Opinion	Fairly Valued
MG Grade	C+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$0.13
Graham Number	\$26.17
PEmg	17.78
Current Ratio	3.74
PB Ratio	3.80
Current Dividend	\$0.60
Dividend Yield	1.44%
Number of Consecutive Years of Dividend Growth	4

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.66	Next Fiscal Year Estimate	\$2.35
May2016	\$2.07	May2016	\$2.19
May2015	\$2.21	May2015	\$2.20
May2014	\$2.38	May2014	\$2.09
May2013	\$2.26	May2013	\$1.84
May2012	\$1.96	May2012	\$1.56
May2011	\$1.67	May2011	\$1.29
May2010	\$1.21	May2010	\$1.06
May2009	\$1.09	May2009	\$0.93
May2008	\$1.06	May2008	\$0.80
May2007	\$0.81	May2007	\$0.65
May2006	\$0.64	May2006	\$0.54
May2005	\$0.55	May2005	\$0.48
May2004	\$0.50	May2004	\$0.49
May2003	\$0.43	May2003	\$0.49
May2002	\$0.39	May2002	\$0.50
May2001	\$0.44	May2001	\$0.50
May2000	\$1.05	Balance Sheet Information 5/1/2016	
May1999	\$0.22	Total Current Assets	\$64,313,000,000
May1998	\$0.14	Total Current Liabilities	\$17,208,000,000
May1997	\$0.14	Long-Term Debt	\$40,105,000,000
		Total Assets	\$112,180,000,000
		Intangible Assets	\$39,533,000,000
		Total Liabilities	\$64,891,000,000
		Shares Outstanding (Diluted Average)	4,305,000,000





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.

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