

ModernGraham Valuation

Company Name:

Company Ticker STX
Date of Analysis

Seagate Technology
PLC

7/30/2016



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	\$9,724,496,510	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.59	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-537.90%	Fail
6. Moderate PEmg Ratio	PEmg < 20	8.56	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	5.67	Pass

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	1.59	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.08	Fail
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	\$3.74
MG Growth Estimate	8.52%
MG Value	\$95.51
MG Value based on 3% Growth	\$54.24
MG Value based on 0% Growth	\$31.80
Market Implied Growth Rate	0.03%

MG Opinion

Current Price	\$32.03
% of Intrinsic Value	33.54%
Opinion	Undervalued
MG Grade	B

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$10.37
Graham Number	\$11.71
PEmg	8.56
Current Ratio	1.59
PB Ratio	5.67
Current Dividend	\$2.34
Dividend Yield	7.31%
Number of Consecutive Years of Dividend Growth	6

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.08	Next Fiscal Year Estimate	\$3.74
Jun2015	\$5.26	Jun2015	\$4.86
Jun2014	\$4.52	Jun2014	\$4.44
Jun2013	\$4.81	Jun2013	\$3.54
Jun2012	\$6.49	Jun2012	\$2.39
Jun2011	\$1.09	Jun2011	\$0.34
Jun2010	\$3.14	Jun2010	\$0.13
Jun2009	-\$6.40	Jun2009	-\$0.88
Jun2008	\$2.36	Jun2008	\$1.78
Jun2007	\$1.56	Jun2007	\$1.46
Jun2006	\$1.60	Jun2006	\$1.33
Jun2005	\$1.41	Jun2005	\$1.07
Jun2004	\$1.06	Jun2004	\$0.79
Jun2003	\$1.36	Jun2003	\$0.55
Jun2002	\$0.36	Jun2002	\$0.12
Jun2001	\$0.00	Jun2001	\$0.00
Jun2000	\$0.00	Jun2000	\$0.00
Dec1999	\$0.00	Balance Sheet Information 3/1/2016	
Dec1998	\$0.00	Total Current Assets	\$3,600,000,000
Dec1997	\$0.00	Total Current Liabilities	\$2,259,000,000
Dec1996	\$0.00	Long-Term Debt	\$4,130,000,000
		Total Assets	\$8,374,000,000
		Intangible Assets	\$1,730,000,000
		Total Liabilities	\$6,691,000,000
		Shares Outstanding (Diluted Average)	298,000,000





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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