

ModernGraham Valuation

Company Name:

Company Ticker EW
Date of Analysis 8/16/2016

Edwards Lifesciences Corp



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	\$24,169,539,473	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	4.15	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	329.43%	Pass
5. Earnings Growth	PEmg < 20	44.98	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	9.93	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	4.15	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.40	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	\$2.51
MG Growth Estimate	15.00%
MG Value	\$96.69
MG Value based on 3% Growth	\$36.41
MG Value based on 0% Growth	\$21.35
Market Implied Growth Rate	18.24%

MG Opinion

Current Price	\$112.95
% of Intrinsic Value	116.82%
Opinion	Overvalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$1.86
Graham Number	\$25.87
PEmg	44.98
Current Ratio	4.15
PB Ratio	9.93
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	\$2.56	Next Fiscal Year Estimate	\$2.51
Dec2015	\$2.25	Dec2015	\$2.32
Dec2014	\$3.74	Dec2014	\$2.14
Dec2013	\$1.71	Dec2013	\$1.28
Dec2012	\$1.23	Dec2012	\$1.02
Dec2011	\$0.99	Dec2011	\$0.87
Dec2010	\$0.92	Dec2010	\$0.77
Dec2009	\$0.98	Dec2009	\$0.66
Dec2008	\$0.55	Dec2008	\$0.46
Dec2007	\$0.47	Dec2007	\$0.38
Dec2006	\$0.53	Dec2006	\$0.32
Dec2005	\$0.32	Dec2005	\$0.20
Dec2004	\$0.01	Dec2004	\$0.13
Dec2003	\$0.32	Dec2003	\$0.16
Dec2002	\$0.23	Dec2002	\$0.06
Dec2001	-\$0.05	Dec2001	-\$0.02
Dec2000	\$0.00	Dec2000	\$0.00
Dec1999	\$0.00	Balance Sheet Information 6/1/2016	
Dec1998	\$0.00	Total Current Assets	\$1,985,100,000
Dec1997	\$0.00	Total Current Liabilities	\$478,200,000
Dec1996	\$0.00	Long-Term Debt	\$602,500,000
		Total Assets	\$4,051,400,000
		Intangible Assets	\$838,100,000
		Total Liabilities	\$1,580,200,000
		Shares Outstanding (Diluted Average)	217,300,000





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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