

ModernGraham Valuation

Company Name:

Company Ticker PDCO
Date of Analysis

Patterson
Companies, Inc.

8/25/2016



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	\$4,458,567,782	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.11	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
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	31.01%	Fail
6. Moderate PEmg Ratio	PEmg < 20	20.64	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.12	Fail

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	2.11	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.11	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	\$2.23
MG Growth Estimate	2.42%
MG Value	\$29.67
MG Value based on 3% Growth	\$32.27
MG Value based on 0% Growth	\$18.92
Market Implied Growth Rate	6.07%

MG Opinion

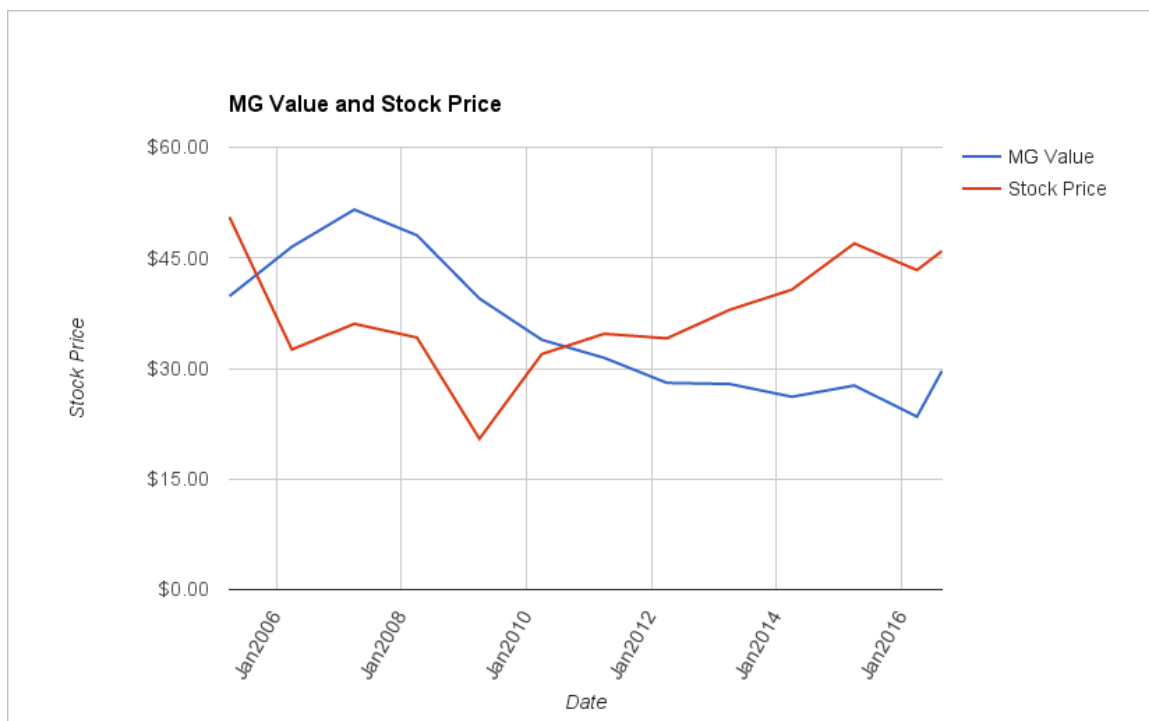
Current Price	\$45.94
% of Intrinsic Value	154.85%
Opinion	Overvalued
MG Grade	C

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$3.39
Graham Number	\$29.23
PEmg	20.64
Current Ratio	2.11
PB Ratio	3.12
Current Dividend	\$0.90
Dividend Yield	1.96%
Number of Consecutive Years of Dividend Growth	8

Useful Links: [ModernGraham tagged articles](#) [Morningstar](#)
[Google Finance](#) [MSN Money](#)
[Yahoo Finance](#) [Seeking Alpha](#)
[GuruFocus](#) [SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.61	Next Fiscal Year Estimate	\$2.23
Apr2016	\$1.91	Apr2016	\$2.03
Apr2015	\$2.24	Apr2015	\$2.06
Apr2014	\$1.97	Apr2014	\$1.95
Apr2013	\$2.03	Apr2013	\$1.92
Apr2012	\$1.92	Apr2012	\$1.84
Apr2011	\$1.89	Apr2011	\$1.77
Apr2010	\$1.78	Apr2010	\$1.68
Apr2009	\$1.69	Apr2009	\$1.59
Apr2008	\$1.69	Apr2008	\$1.50
Apr2007	\$1.51	Apr2007	\$1.35
Apr2006	\$1.43	Apr2006	\$1.21
Apr2005	\$1.32	Apr2005	\$1.03
Apr2004	\$1.08	Apr2004	\$0.84
Apr2003	\$0.88	Apr2003	\$0.68
Apr2002	\$0.70	Apr2002	\$0.55
Apr2001	\$0.57	Apr2001	\$0.45
Apr2000	\$0.48	Balance Sheet Information 4/1/2016	
Apr1999	\$0.37	Total Current Assets	\$1,747,541,000
Apr1998	\$0.31	Total Current Liabilities	\$829,335,000
Apr1997	\$0.25	Long-Term Debt	\$1,022,155,000
		Total Assets	\$3,520,804,000
		Intangible Assets	\$1,325,889,000
		Total Liabilities	\$2,079,058,000
		Shares Outstanding (Diluted Average)	97,902,000





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

- [Patterson Companies Inc. Analysis – September 2015 Update \\$PDCO](#)
- [Patterson Companies Analysis – June 2015 Update \\$PDCO](#)
- [18 Companies in the Spotlight This Week – 3/15/15](#)
- [Patterson Companies Inc. Quarterly Valuation – March 2015 \\$PDCO](#)
- [32 Companies in the Spotlight This Week – 12/6/14](#)

Other ModernGraham posts about related companies

- [Cerner Corporation Valuation – August 2016 \\$CERN](#)
- [Stryker Corporation Valuation – August 2016 \\$SYK](#)
- [Henry Schein Inc Valuation – July 2016 \\$HSIC](#)
- [Quest Diagnostics Inc Valuation – July 2016 \\$DGX](#)
- [Tenet Healthcare Corp Valuation – July 2016 \\$THC](#)
- [Laboratory Corp of America Holdings Valuation – July 2016 \\$LH](#)
- [Medtronic PLC Valuation – July 2016 \\$MDT](#)
- [Intuitive Surgical Inc Valuation – July 2016 \\$ISRG](#)
- [Cardinal Health Inc Valuation – July 2016 \\$CAH](#)
- [PerkinElmer Inc Valuation – July 2016 \\$PKI](#)