ModernGraham Valuation

Company Name: Western Digital Corp

Company Ticker WDC

Date of Analysis 8/20/2016

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	$11,044,891,369	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.81	Fail
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	-12.74%	Fail
6. Moderate PEmg Ratio	PEmg < 20	12.57	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.09	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	1.81	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.42	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		Fail

Suitability

Defensive	**No**
Enterprising	**No**

Stage 2: Determination of Intrinsic Value

EPSmg		$3.71
MG Growth Estimate		-2.98%
MG Value		**$9.39**
MG Value based on 3% Growth		$53.77
MG Value based on 0% Growth		$31.52
Market Implied Growth Rate		2.03%

MG Opinion

Current Price		$46.60
% of Intrinsic Value		496.18%
Opinion	**Overvalued**	
MG Grade	**C**	

Stage 3: Information for Further Research

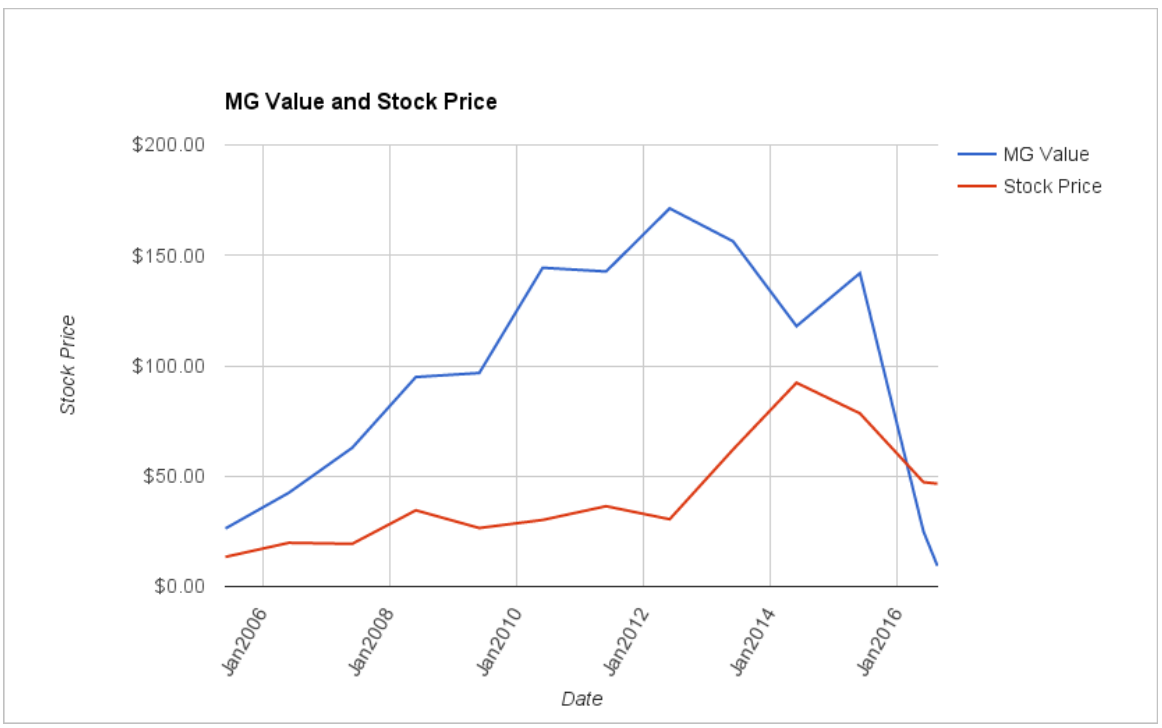
Net Current Asset Value (NCAV)	-$34.99
Graham Number	$57.80
PEmg	12.57
Current Ratio	1.81
PB Ratio	1.09
Current Dividend	$2.00
Dividend Yield	4.29%
Number of Consecutive Years of Dividend Growth	5

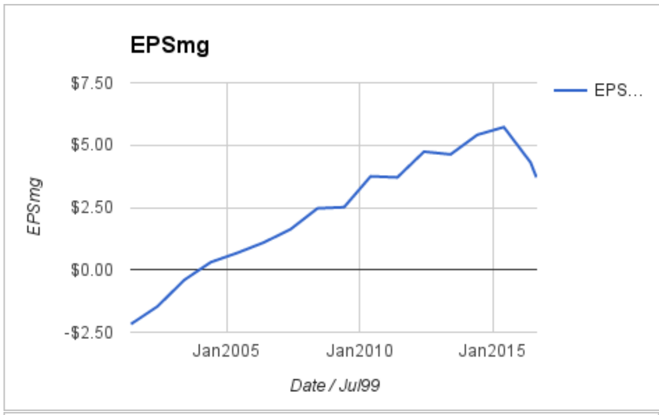
Useful Links:	ModernGraham tagged articles	Morningstar
	Google Finance	MSN Money
	Yahoo Finance	Seeking Alpha
	GuruFocus	SEC Filings

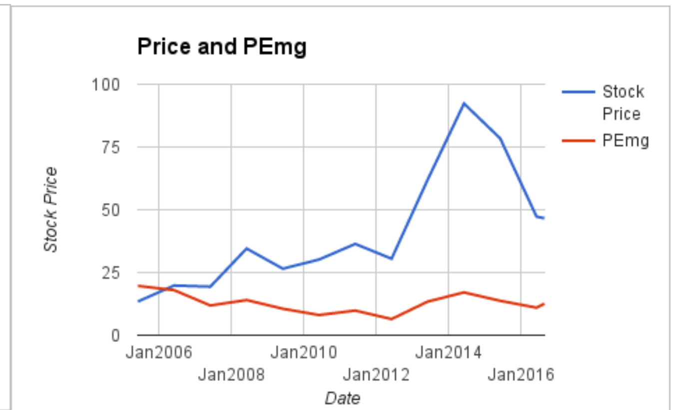
EPS History	
Next Fiscal Year Estimate	$3.10
Jun2016	$1.06
Jun2015	$6.18
Jun2014	$6.68
Jun2013	$3.98
Jun2012	$6.58
Jun2011	$3.09
Jun2010	$5.93
Jun2009	$2.08
Jun2008	$3.84
Jun2007	$2.50
Jun2006	$1.76
Jun2005	$0.90
Jun2004	$0.69
Jun2003	$0.87
Jun2002	$0.34
Jun2001	-$0.31
Jun2000	-$2.69
Jun1999	-$5.51
Jun1998	-$3.32
Jun1997	$2.86

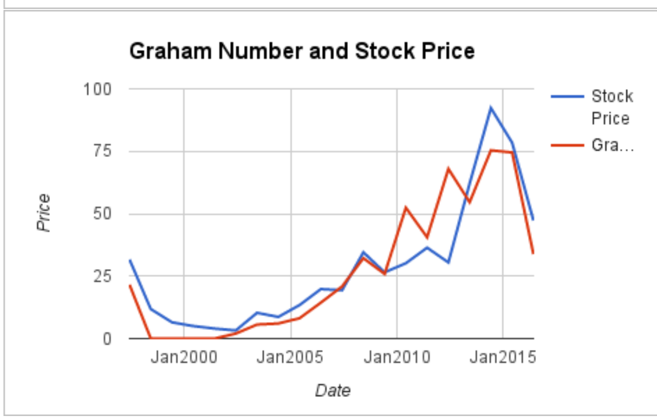
EPSmg History	
Next Fiscal Year Estimate	$3.71
Jun2016	$4.31
Jun2015	$5.72
Jun2014	$5.41
Jun2013	$4.63
Jun2012	$4.74
Jun2011	$3.71
Jun2010	$3.75
Jun2009	$2.51
Jun2008	$2.46
Jun2007	$1.63
Jun2006	$1.10
Jun2005	$0.68
Jun2004	$0.31
Jun2003	-$0.41
Jun2002	-$1.46
Jun2001	-$2.17

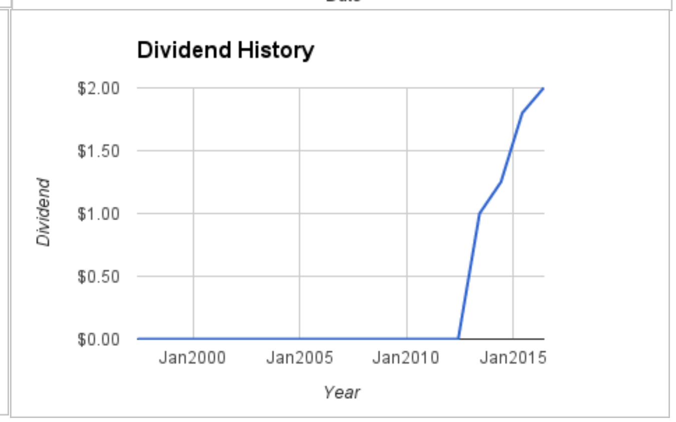
Balance Sheet Information	**6/1/2016**
Total Current Assets	$12,584,000,000
Total Current Liabilities	$6,949,000,000
Long-Term Debt	$13,660,000,000
Total Assets	$32,877,000,000
Intangible Assets	$14,985,000,000
Total Liabilities	$21,717,000,000
Shares Outstanding (Diluted Average)	261,000,000











Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author held a long position in WDC 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

- 10 Low PE Stock Picks for the Defensive Investor – August 2016
- 10 Low PE Stocks for the Defensive Investor – July 2016
- 10 Undervalued Companies for the Defensive Dividend Stock Investor – June 2016
- 10 Companies Benjamin Graham Would Invest In Today – June 2016
- 10 Low PE Stocks for the Defensive Investor – June 2016

Other ModernGraham posts about related companies

- Apple Inc Valuation – August 2016 $AAPL
- Ametek Inc Valuation – August 2016 $AME
- MTS Systems Corp Valuation – July 2016 $MTSC
- Seagate Technology PLC Valuation – July 2016 $STX
- Broadcom Limited Valuation – July 2016 $AVGO
- Microchip Technology Inc Valuation – July 2016 $MCHP
- Jabil Circuit Inc Valuation – July 2016 $JBL
- KLA-Tencor Corp Valuation – July 2016 $KLAC
- Linear Technology Corp Valuation – July 2016 $LLTC
- Arrow Electronics Inc Valuation – July 2016 $ARW