

ModernGraham Valuation

Company Name:

Align Technology, Inc.

Company Ticker ALGN

Date of Analysis

9/1/2016



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	\$7,415,636,995	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.76	Pass
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	364.23%	Pass
6. Moderate PEmg Ratio	PEmg < 20	54.63	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	8.30	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	2.76	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	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	\$1.70
MG Growth Estimate	15.00%
MG Value	\$65.48
MG Value based on 3% Growth	\$24.66
MG Value based on 0% Growth	\$14.46
Market Implied Growth Rate	23.06%

MG Opinion

Current Price	\$92.90
% of Intrinsic Value	141.88%
Opinion	Overvalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$5.95
Graham Number	\$23.58
PEmg	54.63
Current Ratio	2.76
PB Ratio	8.30
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	\$2.17	Next Fiscal Year Estimate	\$1.70
Dec2015	\$1.77	Dec2015	\$1.37
Dec2014	\$1.77	Dec2014	\$1.11
Dec2013	\$0.78	Dec2013	\$0.71
Dec2012	\$0.71	Dec2012	\$0.67
Dec2011	\$0.83	Dec2011	\$0.63
Dec2010	\$0.95	Dec2010	\$0.46
Dec2009	-\$0.45	Dec2009	\$0.19
Dec2008	\$1.18	Dec2008	\$0.43
Dec2007	\$0.50	Dec2007	\$0.02
Dec2006	-\$0.55	Dec2006	-\$0.30
Dec2005	\$0.02	Dec2005	-\$0.40
Dec2004	\$0.14	Dec2004	-\$2.41
Dec2003	-\$0.35	Dec2003	-\$4.71
Dec2002	-\$1.52	Dec2002	-\$6.82
Dec2001	-\$2.61	Dec2001	-\$8.44
Dec2000	-\$25.64	Dec2000	-\$9.52
Dec1999	-\$3.66	Balance Sheet Information 6/1/2016	
Dec1998	\$0.00	Total Current Assets	\$825,407,000
Dec1997	\$0.00	Total Current Liabilities	\$298,989,000
Dec1996	\$0.00	Long-Term Debt	\$0
		Total Assets	\$1,251,273,000
		Intangible Assets	\$83,749,000
		Total Liabilities	\$341,415,000
		Shares Outstanding (Diluted Average)	81,281,000





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

- [Align Technology Inc Valuation – May 2016 \\$ALGN](#)
- [Align Technology Inc. Valuation – November 2015 Update \\$ALGN](#)
- [Align Technology Analysis – Initial Coverage \\$ALGN](#)

Other ModernGraham posts about related companies

- [HCA Holdings Inc Valuation – August 2016 \\$HCA](#)
- [Express Scripts Holding Co Valuation – August 2016 \\$ESRX](#)
- [Universal Health Services Inc Valuation – August 2016 \\$UHS](#)
- [Endo International PLC Valuation – August 2016 \\$ENDP](#)
- [C R Bard Inc Valuation – August 2016 \\$BCR](#)
- [Psychemedics Corp Valuation – August 2016 \\$PMD](#)
- [Patterson Companies Inc Valuation – August 2016 \\$PDCO](#)
- [Edwards Lifesciences Corp Valuation – August 2016 \\$EW](#)
- [Baxter International Inc Valuation – August 2016 \\$BAX](#)
- [Cerner Corporation Valuation – August 2016 \\$CERN](#)