

ModernGraham Valuation

Company Name:

Waters Corporation

Company Ticker WAT

Date of Analysis

11/20/2016



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	\$10,465,170,014 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	6.80 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	86.37% Pass
5. Earnings Growth	PEmg < 20	23.79 Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	4.87 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	6.80 Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.55 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	\$5.68
MG Growth Estimate	4.15%
MG Value	\$95.47
MG Value based on 3% Growth	\$82.41
MG Value based on 0% Growth	\$48.31
Market Implied Growth Rate	7.64%

MG Opinion

Current Price	\$135.18
% of Intrinsic Value	141.60%
Opinion	Overvalued
MG Grade	C

Stage 3: Information for Further Research

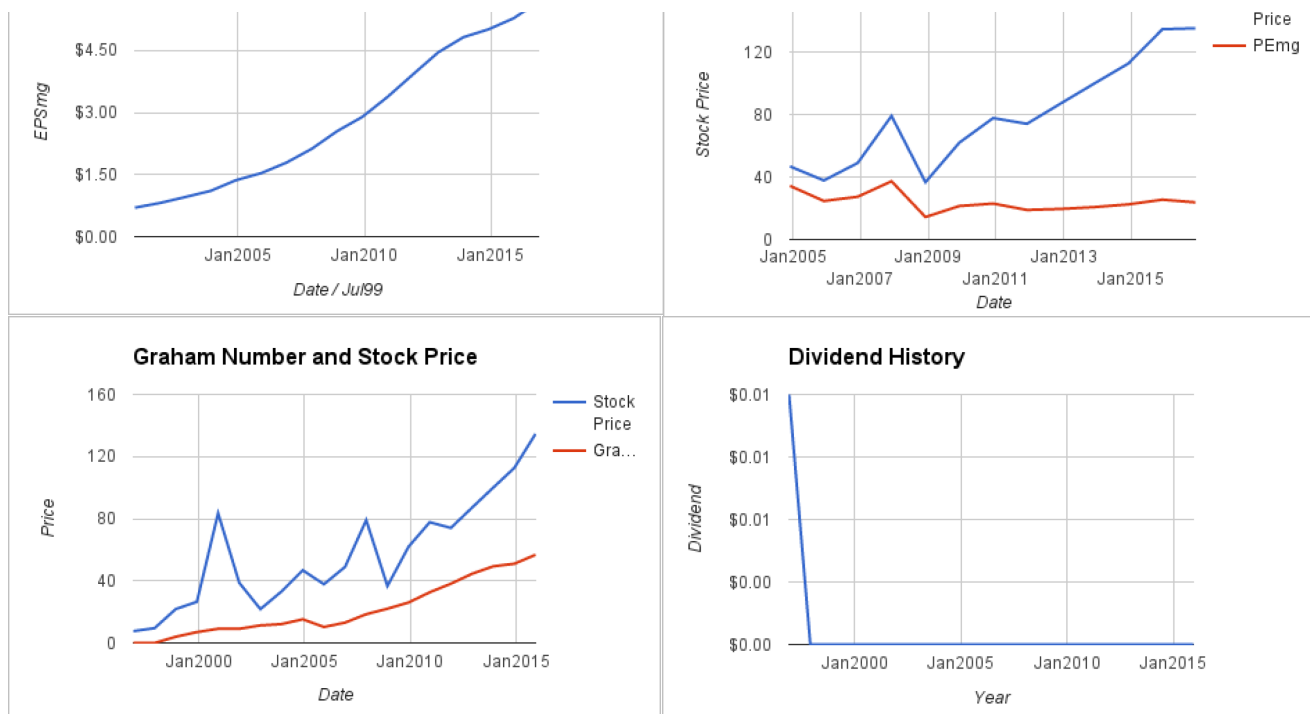
Net Current Asset Value (NCAV)	\$14.95
Graham Number	\$63.41
PEmg	23.79
Current Ratio	6.80
PB Ratio	4.87
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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		Next Fiscal Year Estimate	
Dec2015	\$6.37	Dec2015	\$5.68
Dec2014	\$5.65	Dec2014	\$5.28
Dec2013	\$5.07	Dec2013	\$5.01
Dec2012	\$5.20	Dec2012	\$4.82
Dec2011	\$5.19	Dec2011	\$4.45
Dec2010	\$4.69	Dec2010	\$3.92
Dec2009	\$4.06	Dec2009	\$3.38
Dec2008	\$3.34	Dec2008	\$2.89
Dec2007	\$3.21	Dec2007	\$2.55
Dec2006	\$2.62	Dec2006	\$2.12
Dec2005	\$2.13	Dec2005	\$1.79
Dec2004	\$1.74	Dec2004	\$1.53
Dec2003	\$1.82	Dec2003	\$1.36
Dec2002	\$1.34	Dec2002	\$1.11
Dec2001	\$1.09	Dec2001	\$0.96
Dec2000	\$0.83	Dec2000	\$0.81
Dec1999	\$1.06	Dec2000	\$0.70
Dec1998	\$0.92	Balance Sheet Information 9/1/2016	
Dec1997	\$0.57	Total Current Assets	\$3,534,370,000
Dec1996	-\$0.08	Total Current Liabilities	\$519,501,000
	-\$0.03	Long-Term Debt	\$1,656,832,000
		Total Assets	\$4,576,782,000
		Intangible Assets	\$578,065,000
		Total Liabilities	\$2,317,642,000
		Shares Outstanding (Diluted Average)	81,388,000





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:

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ModernGraham
posts about the
company

[Waters Corporation Valuation – May 2016 \\$WAT](#)
[Waters Corporation Analysis – September 2015 Update \\$WAT](#)
[Waters Corporation Analysis – June 2015 Update \\$WAT](#)
[18 Companies in the Spotlight This Week – 3/15/15](#)
[Waters Corporation Quarterly Valuation – March 2015 \\$WAT](#)

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[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](#)