

# ModernGraham Valuation

Company Name:

Alexion  
Pharmaceuticals, Inc.

Company Ticker ALXN

Date of Analysis

12/20/2016



## 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	\$24,979,334,534	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.11	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	441.18%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	60.73	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.10	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	3.11	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.78	Fail
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

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$1.92
MG Growth Estimate	13.72%
<b>MG Value</b>	<b>\$69.09</b>
MG Value based on 3% Growth	\$27.87
MG Value based on 0% Growth	\$16.34
Market Implied Growth Rate	26.11%

### MG Opinion

Current Price	\$116.72
% of Intrinsic Value	168.93%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>F</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$9.71
Graham Number	\$46.28
PEmg	60.73
Current Ratio	3.11
PB Ratio	3.10
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
	\$2.51		\$1.92
Dec2015	\$0.67	Dec2015	\$1.58
Dec2014	\$3.26	Dec2014	\$1.84
Dec2013	\$1.27	Dec2013	\$1.12
Dec2012	\$1.28	Dec2012	\$1.00
Dec2011	\$0.91	Dec2011	\$0.75
Dec2010	\$0.52	Dec2010	\$0.49
Dec2009	\$1.63	Dec2009	\$0.26
Dec2008	\$0.20	Dec2008	-\$0.50
Dec2007	-\$0.64	Dec2007	-\$0.88
Dec2006	-\$1.04	Dec2006	-\$0.98
Jul2005	-\$0.98	Jul2005	-\$0.94
Jul2004	-\$0.86	Jul2004	-\$0.88
Jul2003	-\$1.16	Jul2003	-\$0.82
Jul2002	-\$0.78	Jul2002	-\$0.58
Jul2001	-\$0.82	Jul2001	-\$0.44
Jul2000	-\$0.36	Jul2000	-\$0.25
Jul1999	-\$0.14	<b>Balance Sheet Information 9/1/2016</b>	
Jul1998	-\$0.22	Total Current Assets	\$2,594,534,000
Jul1997	-\$0.24	Total Current Liabilities	\$834,341,000
Jul1996	-\$0.24	Long-Term Debt	\$3,129,384,000
		Total Assets	\$13,293,462,000
		Intangible Assets	\$9,505,170,000
		Total Liabilities	\$4,789,359,000
		Shares Outstanding (Diluted Average)	226,088,000





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

[Alexion Pharmaceuticals Inc. Analysis – August 2015 Update \\$ALXN](#)  
[47 Companies in the Spotlight This Week – 5/16/15](#)  
[Alexion Pharmaceuticals Quarterly Valuation – May 2015 \\$ALXN](#)  
[58 Companies in the Spotlight This Week – 1/31/15](#)  
[Alexion Pharmaceuticals Inc. Quarterly Valuation – January 2015 \\$ALXN](#)

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[Regeneron Pharmaceuticals Inc Valuation – November 2016 \\$REGN](#)  
[Merck & Co Inc Valuation – August 2016 \\$MRK](#)  
[Mallinckrodt PLC Valuation – August 2016 \\$MNK](#)  
[Vertex Pharmaceuticals Inc Valuation – August 2016 \\$VRTX](#)  
[Amgen Inc Valuation – August 2016 \\$AMGN](#)  
[Pfizer Inc Valuation – August 2016 \\$PFE](#)  
[Abbott Laboratories Valuation – August 2016 \\$ABT](#)  
[Johnson & Johnson Valuation – August 2016 \\$JNJ](#)  
[Regeneron Pharmaceuticals Inc Valuation – August 2016 \\$REGN](#)