

# ModernGraham Valuation

Company Name:

Illumina, Inc.

Company Ticker ILMN

Date of Analysis

12/4/2016



## 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  | \$18,814,989,489 Pass |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2  | 3.62 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 | -589.08% Fail         |
| 5. Earnings Growth                         | PEmg < 20  | 50.97 Fail            |
| 6. Moderate PEmg Ratio                     | PB Ratio < 2.5 OR PB*PEmg < 50   | 8.44 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            | 3.62 Pass |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1              | 0.63 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

|                     |            |
|---------------------|------------|
| <b>Defensive</b>    | <b>No</b>  |
| <b>Enterprising</b> | <b>Yes</b> |

## Stage 2: Determination of Intrinsic Value

|                             |                |
|-----------------------------|----------------|
| EPSmg                       | \$2.51         |
| MG Growth Estimate          | 15.00%         |
| <b>MG Value</b>             | <b>\$96.61</b> |
| MG Value based on 3% Growth | \$36.39        |
| MG Value based on 0% Growth | \$21.33        |
| Market Implied Growth Rate  | 21.23%         |

### MG Opinion

|                      |                   |
|----------------------|-------------------|
| Current Price        | \$127.90          |
| % of Intrinsic Value | 132.39%           |
| <b>Opinion</b>       | <b>Overvalued</b> |
| <b>MG Grade</b>      | <b>C-</b>         |

## Stage 3: Information for Further Research

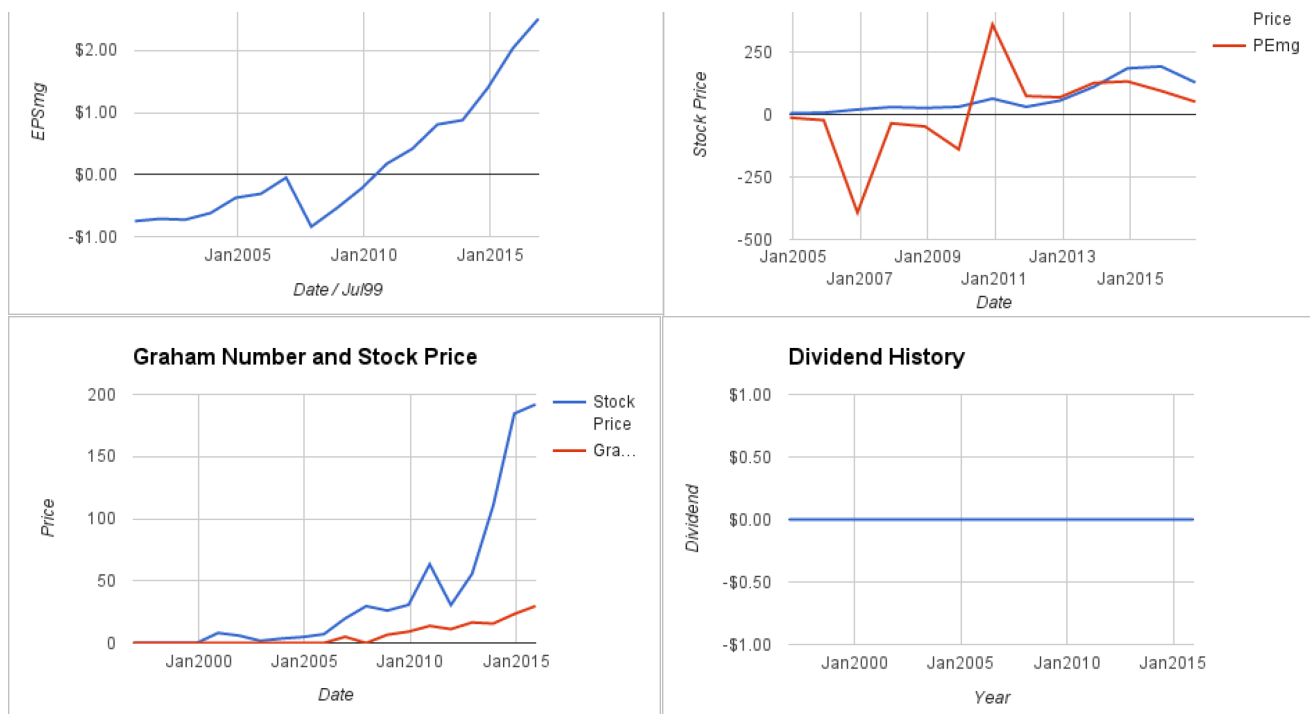
|  |         |
|--|---------|
| Net Current Asset Value (NCAV)                 | \$1.96  |
| Graham Number                                  | \$32.30 |
| PEmg   | 50.97   |
| Current Ratio                                  | 3.62    |
| PB Ratio                                       | 8.44    |
| Current Dividend                               | \$0.00  |
| Dividend Yield                                 | 0.00%   |
| Number of Consecutive Years of Dividend Growth | 0       |

### Useful Links:

|  |                               |
|--|-------------------------------|
| <a href="#">ModernGraham tagged articles</a> | <a href="#">Morningstar</a>   |
| <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                  |                 |
|                           | \$3.04  |  | \$2.51          |
| Dec2015                   | \$3.10  | Dec2015                                    | \$2.04          |
| Dec2014                   | \$2.37  | Dec2014                                    | \$1.40          |
| Dec2013                   | \$0.90  | Dec2013                                    | \$0.88          |
| Dec2012                   | \$1.13  | Dec2012                                    | \$0.81          |
| Dec2011                   | \$0.62  | Dec2011                                    | \$0.41          |
| Dec2010                   | \$0.87  | Dec2010                                    | \$0.18          |
| Dec2009                   | \$0.53  | Dec2009                                    | -\$0.22         |
| Dec2008                   | \$0.30  | Dec2008                                    | -\$0.54         |
| Dec2007                   | -\$2.57 | Dec2007                                    | -\$0.84         |
| Dec2006                   | \$0.41  | Dec2006                                    | -\$0.05         |
| Dec2005                   | -\$0.26 | Dec2005                                    | -\$0.31         |
| Dec2004                   | -\$0.09 | Dec2004                                    | -\$0.37         |
| Dec2003                   | -\$0.42 | Dec2003                                    | -\$0.62         |
| Dec2002                   | -\$0.65 | Dec2002                                    | -\$0.73         |
| Dec2001                   | -\$0.42 | Dec2001                                    | -\$0.71         |
| Dec2000                   | -\$0.69 | Dec2000                                    | -\$0.75         |
| Dec1999                   | -\$1.96 | <b>Balance Sheet Information 9/16/2016</b> |                 |
| Dec1998                   | \$0.00  | Total Current Assets                       | \$2,277,836,000 |
| Dec1997                   | \$0.00  | Total Current Liabilities                  | \$628,855,000   |
| Dec1996                   | \$0.00  | Long-Term Debt                             | \$1,040,765,000 |
|                           |         | Total Assets                               | \$4,227,827,000 |
|                           |         | Intangible Assets                          | \$1,031,555,000 |
|                           |         | Total Liabilities                          | \$1,987,680,000 |
|                           |         | Shares Outstanding (Diluted Average)       | 147,901,000     |





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

#N/A

Other  
ModernGraham  
posts about related  
companies

[Waters Corporation Valuation – November 2016 \\$WAT](#)  
[Align Technology Inc Valuation – August 2016 \\$ALGN](#)  
[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](#)