

# ModernGraham Valuation

## Company Name:

Company Ticker EW

Date of Analysis

1/30/2017

Edwards Lifesciences Corp



## 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  | \$21,373,910,932 | Pass |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2  | 4.08             | 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 | 330.44%          | Pass |
| 5. Earnings Growth                         | PEmg < 20  | 38.31            | Fail |
| 6. Moderate PEmg Ratio                     | PB Ratio < 2.5 OR PB*PEmg < 50   | 7.82             | 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            | 4.08 | Pass |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1              | 0.37 | 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 |
|  | Score                          |      |      |

### Suitability

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

## Stage 2: Determination of Intrinsic Value

|                             |                |
|-----------------------------|----------------|
| EPSmg                       | \$2.52         |
| MG Growth Estimate          | 15.00%         |
| <b>MG Value</b>             | <b>\$96.94</b> |
| MG Value based on 3% Growth | \$36.51        |
| MG Value based on 0% Growth | \$21.40        |
| Market Implied Growth Rate  | 14.91%         |

### MG Opinion

|                      |                      |
|----------------------|----------------------|
| Current Price        | \$96.47              |
| % of Intrinsic Value | 99.51%               |
| <b>Opinion</b>       | <b>Fairly Valued</b> |
| <b>MG Grade</b>      | <b>C</b>             |

## Stage 3: Information for Further Research

|  |         |
|--|---------|
| Net Current Asset Value (NCAV)                 | \$2.40  |
| Graham Number                                  | \$27.04 |
| PEmg   | 38.31   |
| Current Ratio                                  | 4.08    |
| PB Ratio                                       | 7.82    |
| 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 | \$2.58  | Next Fiscal Year Estimate                 | \$2.52          |
| Dec2015                   | \$2.25  | Dec2015                                   | \$2.32          |
| Dec2014                   | \$3.74  | Dec2014                                   | \$2.14          |
| Dec2013                   | \$1.71  | Dec2013                                   | \$1.28          |
| Dec2012                   | \$1.23  | Dec2012                                   | \$1.02          |
| Dec2011                   | \$0.99  | Dec2011                                   | \$0.87          |
| Dec2010                   | \$0.92  | Dec2010                                   | \$0.77          |
| Dec2009                   | \$0.98  | Dec2009                                   | \$0.66          |
| Dec2008                   | \$0.55  | Dec2008                                   | \$0.46          |
| Dec2007                   | \$0.47  | Dec2007                                   | \$0.38          |
| Dec2006                   | \$0.53  | Dec2006                                   | \$0.32          |
| Dec2005                   | \$0.32  | Dec2005                                   | \$0.20          |
| Dec2004                   | \$0.01  | Dec2004                                   | \$0.13          |
| Dec2003                   | \$0.32  | Dec2003                                   | \$0.16          |
| Dec2002                   | \$0.23  | Dec2002                                   | \$0.06          |
| Dec2001                   | -\$0.05 | Dec2001                                   | -\$0.02         |
| Dec2000                   | \$0.00  | Dec2000                                   | \$0.00          |
| Dec1999                   | \$0.00  | <b>Balance Sheet Information 9/1/2016</b> |                 |
| Dec1998                   | \$0.00  | Total Current Assets                      | \$2,171,400,000 |
| Dec1997                   | \$0.00  | Total Current Liabilities                 | \$532,800,000   |
| Dec1996                   | \$0.00  | Long-Term Debt                            | \$600,600,000   |
|                           |         | Total Assets                              | \$4,339,000,000 |
|                           |         | Intangible Assets                         | \$837,000,000   |
|                           |         | Total Liabilities                         | \$1,647,200,000 |
|                           |         | Shares Outstanding (Diluted Average)      | 218,100,000     |





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

[Edwards Lifesciences Corp Valuation – August 2016 \\$EW](#)  
[15 Best Stocks For Value Investors This Week – 2/13/16](#)  
[Edwards Lifesciences Corp Valuation – February 2016 \\$EW](#)  
[The Best Companies of the Medical Industry – September 2015](#)  
[15 Best Stocks For Value Investors This Week – 9/12/15](#)

Other  
ModernGraham  
posts about related  
companies

[Baxter International Inc Valuation – January 2017 \\$BAX](#)  
[CONMED Corporation Valuation – Initial Coverage \\$CNMD](#)  
[Boston Scientific Corp Valuation – January 2017 \\$BSX](#)  
[Centene Corp Valuation – Initial Coverage \\$CNC](#)  
[Invacare Corporation Valuation – Initial Coverage \\$IVC](#)  
[Becton Dickinson and Co Valuation – January 2017 \\$BDX](#)  
[Select Medical Holdings Corp Valuation – Initial Coverage \\$SEM](#)  
[Chemed Corporation Valuation – Initial Coverage \\$CHE](#)  
[Inogen Inc Valuation – Initial Coverage \\$INGN](#)  
[Surgical Care Affiliates Inc Valuation – Initial Coverage \\$SCAI](#)