

ModernGraham Valuation

Company Name:

Synopsys, Inc.

Company Ticker

SNPS

Date of Analysis

2/4/2017



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	\$9,850,853,481	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.00	Fail
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	59.00%	Pass
5. Earnings Growth	PEmg < 20	30.36	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	3.14	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	1.00	Fail
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
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.14
MG Growth Estimate	7.46%
MG Value	\$50.06
MG Value based on 3% Growth	\$31.00
MG Value based on 0% Growth	\$18.17
Market Implied Growth Rate	10.93%

MG Opinion

Current Price	\$64.90
% of Intrinsic Value	129.64%
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

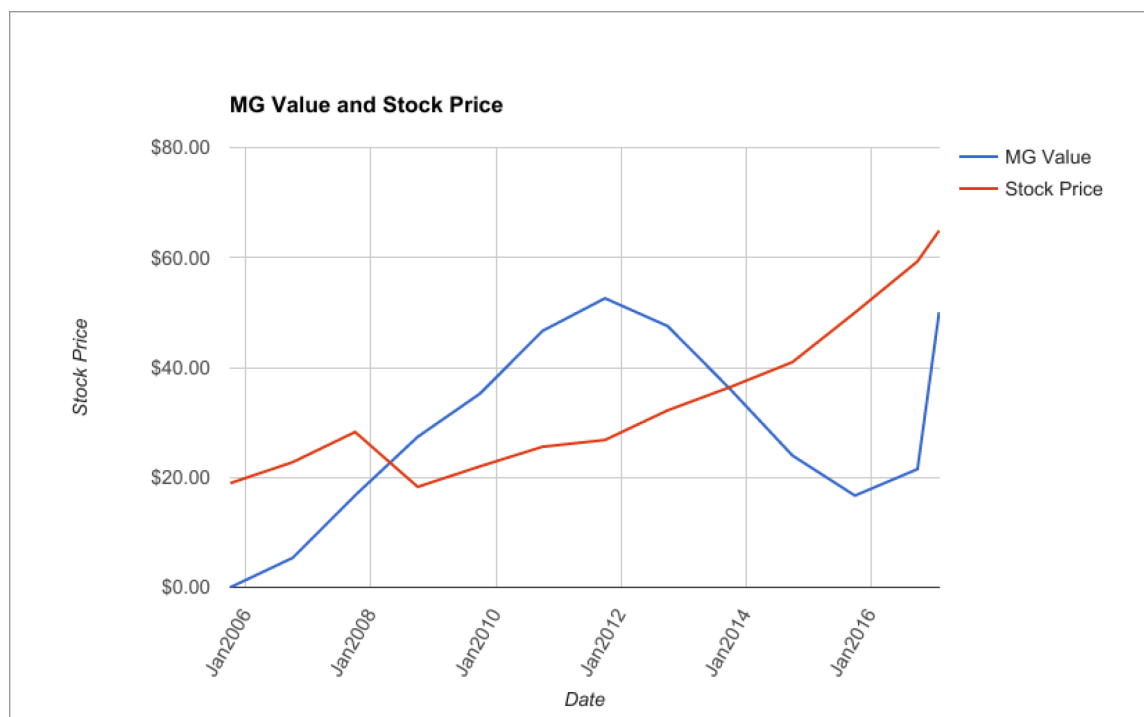
Net Current Asset Value (NCAV)	-\$2.12
Graham Number	\$38.97
PEmg	30.36
Current Ratio	1.00
PB Ratio	3.14
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

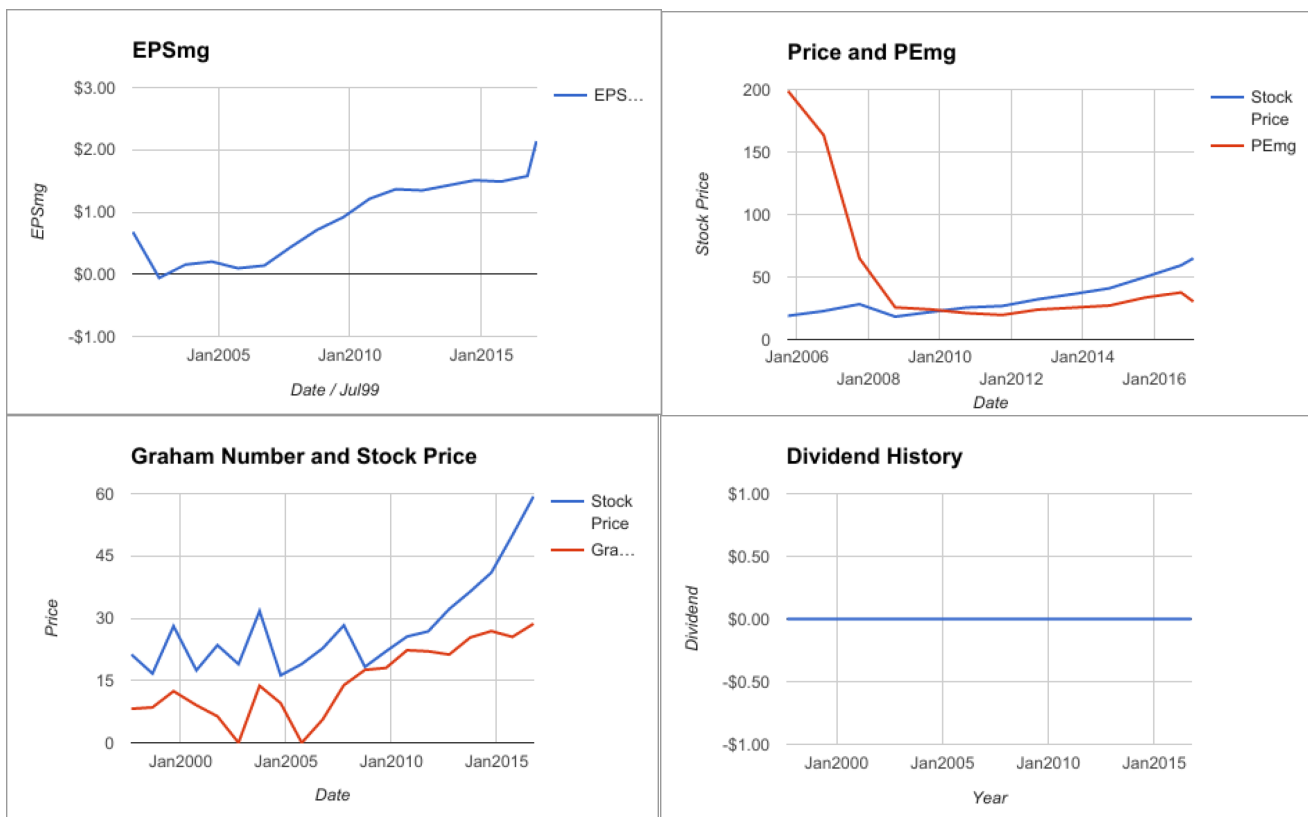
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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
	\$3.20		\$2.14
Oct2016	\$1.73	Oct2016	\$1.58
Oct2015	\$1.43	Oct2015	\$1.49
Oct2014	\$1.64	Oct2014	\$1.51
Oct2013	\$1.58	Oct2013	\$1.43
Oct2012	\$1.21	Oct2012	\$1.35
Oct2011	\$1.47	Oct2011	\$1.37
Oct2010	\$1.56	Oct2010	\$1.21
Oct2009	\$1.15	Oct2009	\$0.92
Oct2008	\$1.29	Oct2008	\$0.71
Oct2007	\$0.87	Oct2007	\$0.43
Oct2006	\$0.17	Oct2006	\$0.14
Oct2005	-\$0.12	Oct2005	\$0.10
Oct2004	\$0.47	Oct2004	\$0.20
Oct2003	\$0.91	Oct2003	\$0.15
Oct2002	-\$1.51	Oct2002	-\$0.06
Oct2001	\$0.44	Oct2001	\$0.68
Oct2000	\$0.69	Balance Sheet Information 10/1/2016	
Sep1999	\$1.10	Total Current Assets	\$1,716,938,000
Sep1998	\$0.65	Total Current Liabilities	\$1,714,946,000
Sep1997	\$0.63	Long-Term Debt	\$0
		Total Assets	\$5,240,365,000
		Intangible Assets	\$2,784,906,000
		Total Liabilities	\$2,045,219,000
		Shares Outstanding (Diluted Average)	154,721,000





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.

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