

ModernGraham Valuation

Company Name:

Western Digital Corp

Company Ticker WDC

Date of Analysis

2/20/2017



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	\$21,283,870,112	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.35	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		
5. Earnings Growth		-10.72%	Fail
6. Moderate PEmg Ratio	PEmg < 20	19.75	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.05	Pass

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	2.35	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.35	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Fail
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.79
MG Growth Estimate	-2.71%
MG Value	\$11.67
MG Value based on 3% Growth	\$54.98
MG Value based on 0% Growth	\$32.23
Market Implied Growth Rate	5.63%

MG Opinion

Current Price	\$74.91
% of Intrinsic Value	641.96%
Opinion	Overvalued
MG Grade	D+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$29.38
Graham Number	\$53.68
PEmg	19.75
Current Ratio	2.35
PB Ratio	2.05
Current Dividend	\$2.00
Dividend Yield	2.67%
Number of Consecutive Years of Dividend Growth	5

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	\$3.40	Next Fiscal Year Estimate	\$3.79
Jun2016	\$1.00	Jun2016	\$4.29
Jun2015	\$6.18	Jun2015	\$5.72
Jun2014	\$6.68	Jun2014	\$5.41
Jun2013	\$3.98	Jun2013	\$4.63
Jun2012	\$6.58	Jun2012	\$4.74
Jun2011	\$3.09	Jun2011	\$3.71
Jun2010	\$5.93	Jun2010	\$3.75
Jun2009	\$2.08	Jun2009	\$2.51
Jun2008	\$3.84	Jun2008	\$2.46
Jun2007	\$2.50	Jun2007	\$1.63
Jun2006	\$1.76	Jun2006	\$1.10
Jun2005	\$0.90	Jun2005	\$0.68
Jun2004	\$0.69	Jun2004	\$0.31
Jun2003	\$0.87	Jun2003	-\$0.41
Jun2002	\$0.34	Jun2002	-\$1.46
Jun2001	-\$0.31	Jun2001	-\$2.17
Jun2000	-\$2.69	Balance Sheet Information 12/1/2016	
Jun1999	-\$5.51	Total Current Assets	\$9,606,000,000
Jun1998	-\$3.32	Total Current Liabilities	\$4,088,000,000
Jun1997	\$2.86	Long-Term Debt	\$12,944,000,000
		Total Assets	\$28,975,000,000
		Intangible Assets	\$14,474,000,000
		Total Liabilities	\$18,243,000,000
		Shares Outstanding (Diluted Average)	294,000,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor. The author held a long position in WDC 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

- [10 Low PE Stock Picks for the Defensive Investor – August 2016](#)
- [10 Low PE Stocks for the Defensive Investor – July 2016](#)
- [10 Undervalued Companies for the Defensive Dividend Stock Investor – June 2016](#)
- [10 Companies Benjamin Graham Would Invest In Today – June 2016](#)
- [10 Low PE Stocks for the Defensive Investor – June 2016](#)

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ModernGraham
posts about related
companies

- [Texas Instruments Inc Valuation – February 2017 \\$TXN](#)
- [Knowles Corp Valuation – Initial Coverage \\$KN](#)
- [Cree Inc Valuation – Initial Coverage \\$CREE](#)
- [Cray Inc Valuation – Initial Coverage \\$CRAY](#)
- [Kulicke and Soffa Industries Inc Valuation – Initial Coverage \\$KLIC](#)
- [Keysight Technologies Inc Valuation – Initial Coverage \\$KEYS](#)
- [Cohu Inc Valuation – Initial Coverage \\$COHU](#)
- [Semtech Corporation Valuation – Initial Coverage \\$SMTC](#)
- [Coherent Inc Valuation – Initial Coverage \\$COHR](#)
- [Apple Inc Valuation – January 2017 \\$AAPL](#)