

ModernGraham Valuation

Company Name:

Company Ticker LGND

Date of Analysis

3/13/2017

Ligand
Pharmaceuticals Inc.



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	\$2,269,811,026	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.72	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-298.12%	Fail
6. Moderate PEmg Ratio	PEmg < 20	33.91	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	6.56	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	0.72	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
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	\$3.17
MG Growth Estimate	15.00%
MG Value	\$122.02
MG Value based on 3% Growth	\$45.96
MG Value based on 0% Growth	\$26.94
Market Implied Growth Rate	12.70%

MG Opinion

Current Price	\$107.47
% of Intrinsic Value	88.08%
Opinion	Fairly Valued
MG Grade	D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$4.67
Graham Number	\$31.73
PEmg	33.91
Current Ratio	0.72
PB Ratio	6.56
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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	\$2.74	Next Fiscal Year Estimate	\$3.17
Dec2016	-\$0.08	Dec2016	\$3.04
Dec2015	\$10.83	Dec2015	\$3.90
Dec2014	\$0.56	Dec2014	\$0.36
Dec2013	\$0.55	Dec2013	\$0.20
Dec2012	-\$0.03	Dec2012	-\$0.41
Dec2011	\$0.49	Dec2011	\$0.33
Dec2010	-\$0.53	Dec2010	\$0.70
Dec2009	-\$0.10	Dec2009	\$1.25
Dec2008	-\$6.18	Dec2008	\$1.43
Dec2007	\$17.22	Dec2007	\$3.50
Dec2006	-\$2.34	Dec2006	-\$3.69
Dec2005	-\$2.94	Dec2005	-\$4.48
Dec2004	-\$3.66	Dec2004	-\$5.42
Dec2003	-\$8.16	Dec2003	-\$6.51
Dec2002	-\$4.56	Dec2002	-\$6.72
Dec2001	-\$4.32	Dec2001	-\$9.04
Dec2000	-\$8.10	Balance Sheet Information	12/1/2016
Dec1999	-\$9.48	Total Current Assets	\$163,053,000
Dec1998	-\$17.52	Total Current Liabilities	\$227,129,000
Dec1997	-\$18.12	Long-Term Debt	\$0
		Total Assets	\$601,585,000
		Intangible Assets	\$302,733,000
		Total Liabilities	\$260,295,000
		Shares Outstanding (Diluted Average)	20,831,000





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
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companies

- [Pfizer Inc Valuation – March 2017 \\$PFE](#)
- [Supernus Pharmaceuticals Inc Valuation – Initial Coverage \\$SUPN](#)
- [Lannett Company Inc Valuation – Initial Coverage \\$LCI](#)
- [Spectrum Pharmaceuticals Inc Valuation – Initial Coverage \\$SPPI](#)
- [Abbott Laboratories Valuation – January 2017 \\$ABT](#)
- [Johnson & Johnson Valuation – January 2017 \\$JNJ](#)
- [Allergan plc Valuation – January 2017 \\$AGN](#)
- [Impax Laboratories Inc – Initial Coverage \\$IPXL](#)
- [Alexion Pharmaceuticals Inc Valuation – December 2016 \\$ALXN](#)
- [Akorn Inc Valuation – December 2016 \\$AKRX](#)