# **ModernGraham Valuation**

## **Company Name:**

Ligand Pharmaceuticals Inc.



Company Ticker
Date of Analysis

3/13/2017

#### 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.

LGND

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$2,269,811,026 Pass	s
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	
	Increase of 33% in EPS in past 10 years using 3 year averages at		
5. Earnings Growth	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
Dividend Record	Currently Pays Dividend	Fail
5. Earnings Growth	EPSmg greater than 5 years ago	Pass
	_	

\$107.47

88.08%

Score

Suitability

MG Opinion

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%

% of Intrinsic Value

Opinion Fairly Valued MG Grade D

#### Stage 3: Information for Further Research

Current Price

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

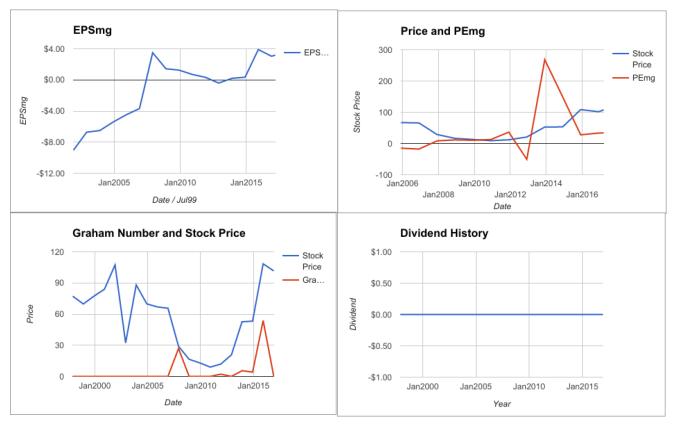
Morningstar

Useful Links: ModernGraham tagged articles

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EPS History		EPSmg History	
Next Fiscal Year			
Estimate	•	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 ModernGraham posts about related companies Pfizer Inc Valuation - March 2017 \$PFE

<u>Supernus Pharmaceuticals Inc Valuation – Initial Coverage \$SUPN</u>

<u>Lannett Company Inc Valuation – Initial Coverage \$LCI</u>

<u>Spectrum Pharmaceuticals Inc Valuation – Initial Coverage \$SPPI</u>

<u>Abbott Laboratories Valuation – January 2017 \$ABT</u>

Johnson & Johnson Valuation - January 2017 \$JNJ

Allergan plc Valuation – January 2017 \$AGN

Impax Laboratories Inc - Initial Coverage \$IPXL

<u>Alexion Pharmaceuticals Inc Valuation – December 2016 \$ALXN</u>

<u>Akorn Inc Valuation – December 2016 \$AKRX</u>