

# ModernGraham Valuation

Company Name:

Oracle Corporation

Company Ticker ORCL

Date of Analysis

3/30/2018



## 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	\$186,765,780,359	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	4.33	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	32.24%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	25.70	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.95	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	4.33	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.94	Pass
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

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

## Stage 2: Determination of Intrinsic Value

EPSmg	\$1.78
MG Growth Estimate	-2.23%
<b>MG Value</b>	<b>\$7.18</b>
MG Value based on 3% Growth	\$25.81
MG Value based on 0% Growth	\$15.13
Market Implied Growth Rate	8.60%

### MG Opinion

Current Price	\$45.75
% of Intrinsic Value	637.15%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>C</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$3.08
Graham Number	\$16.86
PEmg	25.70
Current Ratio	4.33
PB Ratio	3.95
Current Dividend	\$0.64
Dividend Yield	1.40%
Number of Consecutive Years of Dividend Growth	9

### 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	\$0.97	Next Fiscal Year Estimate	\$1.78
May2017	\$2.21	May2017	\$2.20
May2016	\$2.07	May2016	\$2.19
May2015	\$2.21	May2015	\$2.20
May2014	\$2.38	May2014	\$2.09
May2013	\$2.26	May2013	\$1.84
May2012	\$1.96	May2012	\$1.56
May2011	\$1.67	May2011	\$1.29
May2010	\$1.21	May2010	\$1.06
May2009	\$1.09	May2009	\$0.93
May2008	\$1.06	May2008	\$0.80
May2007	\$0.81	May2007	\$0.65
May2006	\$0.64	May2006	\$0.54
May2005	\$0.55	May2005	\$0.48
May2004	\$0.50	May2004	\$0.49
May2003	\$0.43	May2003	\$0.49
May2002	\$0.39	May2002	\$0.50
May2001	\$0.44	<b>Balance Sheet Information 2/1/2018</b>	
May2000	\$1.05	Total Current Assets	\$77,732,000,000
May1999	\$0.22	Total Current Liabilities	\$17,968,000,000
May1998	\$0.14	Long-Term Debt	\$56,224,000,000
		Total Assets	\$138,201,000,000
		Intangible Assets	\$49,365,000,000
		Total Liabilities	\$90,412,000,000
		Shares Outstanding (Diluted Average)	4,122,000,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author 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**

- [19 Best Stocks For Value Investors This Week – 1/9/16](#)
- [Oracle Corporation Valuation – January 2016 Update \\$ORCL](#)
- [13 Best Stocks For Value Investors This Week – 10/3/15](#)
- [Oracle Corporation Analysis – October 2015 Update \\$ORCL](#)
- [The Best Companies of the Software Industry – August 2015](#)

**Other ModernGraham posts about related companies**

- [CA Inc Valuation – March 2018 \\$CA](#)
- [Red Hat Inc Valuation – March 2018 \\$RH](#)
- [Alphabet Inc Valuation – March 2018 \\$GOOGL](#)
- [Ansys Inc Valuation – March 2018 \\$ANSS](#)
- [Citrix Systems Inc Valuation – February 2018 \\$CTXS](#)
- [Microsoft Corp Valuation – February 2018 \\$MSFT](#)
- [Cisco Systems Inc Valuation – February 2018 \\$CSCO](#)
- [Symantec Corp Valuation – August 2017 \\$SYMC](#)
- [Intuit Inc Valuation – March 2017 \\$INTU](#)
- [CommVault Systems Inc Valuation – Initial Coverage \\$CVLT](#)