ModernGraham Valuation

Company Name:

Cadence Design Systems Inc



Company Ticker CDNS

Date of Analysis 4/1/2018

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.

Adequate Size of the Enterprise	Market Cap > \$2Bil	\$10,414,580,128	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.53	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	1652.94%	Pass
Moderate PEmg Ratio	PEmg < 20	36.99	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	10.49	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	53	Pass
2.	Sufficiently Strong Financial Condition	Debt to NCA < 1.1 1.	91	Fail
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		

Score

Suitability

Defensive No No Enterprising

Stage 2: Determination of Intrinsic Value

EPSmg	\$0.99
MG Growth Estimate	6.16%
MG Value	\$20.69
MG Value based on 3% Growth	\$14.41
MG Value based on 0% Growth	\$8.45
Market Implied Growth Rate	14.25%

MG Opinion

Current Price \$36.77 % of Intrinsic Value 177.69%

Opinion Overvalued

MG Grade D

Stage 3: Information for Further Research

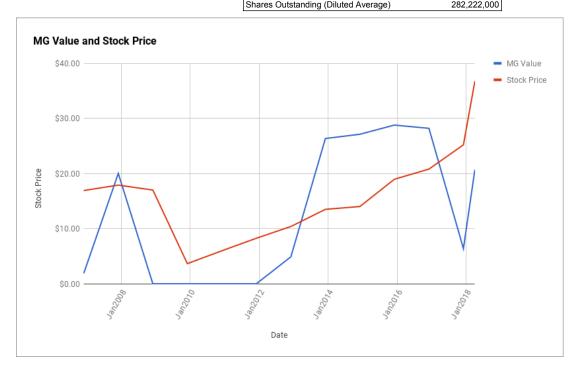
Net Current Asset Value (NCAV)	-\$1.59
Graham Number	\$11.06
PEmg	36.99
Current Ratio	1.53
PB Ratio	10.49
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

Morningstar

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EPS History		EPSmg History	
Next Fiscal Year	04.55	Next Fined Weep Felforets	#0.00
Estimate		Next Fiscal Year Estimate	\$0.99
Dec2017	\$0.73	Dec2017	\$0.70
Dec2016	\$0.70	Dec2016	\$0.73
Dec2015	\$0.81	Dec2015	\$0.75
Dec2014	\$0.52	Dec2014	\$0.70
Dec2013	\$0.56	Dec2013	\$0.68
Dec2012	\$1.57	Dec2012	\$0.13
Dec2011	\$0.27	Dec2011	-\$0.80
Dec2010	\$0.48	Dec2010	-\$1.29
Dec2009	-\$0.58	Dec2009	-\$1.87
Dec2008	-\$7.30	Dec2008	-\$2.03
Dec2007	\$1.01	Dec2007	\$0.52
Dec2006	\$0.46	Dec2006	\$0.25
Dec2005	\$0.16	Dec2005	\$0.17
Dec2004	\$0.25	Dec2004	\$0.20
Dec2003	-\$0.07	Dec2003	\$0.17
Dec2002	\$0.23	Dec2002	\$0.26
Dec2001	\$0.55	Balance Sheet Information	12/1/2017
Dec2000	\$0.19	Total Current Assets	\$979,988,000
Dec1999	-\$0.06	Total Current Liabilities	\$642,398,000
Dec1998	\$0.10	Long-Term Debt	\$644,369,000
		Total Assets	\$2,418,714,000
		Intangible Assets	\$944,844,000
		Total Liabilities	\$1,429,512,000
		Shares Outstanding (Diluted Average)	282,222,000





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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