

ModernGraham Valuation

Company Name:

Company Ticker CDNS

Date of Analysis

4/1/2018

Cadence Design
Systems 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 | \$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 |
| 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 | 1652.94% | Pass |
| 5. Earnings Growth | PEmg < 20 | 36.99 | Fail |
| 6. Moderate PEmg Ratio | PB Ratio < 2.5 OR PB*PEmg < 50 | 10.49 | Fail |
| 7. Moderate Price to Assets | | | |

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 | 1.53 | 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 Score | | Pass |

Suitability

| | |
|---------------------|-----------|
| Defensive | No |
| Enterprising | No |

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 |

Useful Links:

[ModernGraham tagged articles](#)
[Google Finance](#)
[Yahoo Finance](#)
[GuruFocus](#)

[Morningstar](#)
[MSN Money](#)
[Seeking Alpha](#)
[SEC Filings](#)

| EPS History | | EPSmg History | |
|---------------------------|---------|--------------------------------------|-----------------|
| Next Fiscal Year Estimate | | Next Fiscal Year Estimate | |
| | \$1.55 | | \$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 | |
| Dec2000 | \$0.19 | 12/1/2017 | |
| Dec1999 | -\$0.06 | Total Current Assets | \$979,988,000 |
| Dec1998 | \$0.10 | Total Current Liabilities | \$642,398,000 |
| | | 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.

Recommended Reading:

Other
ModernGraham
posts about the
company

#N/A

Other
ModernGraham
posts about related
companies

[Oracle Corporation Valuation – March 2018 \\$ORCL](#)
[CA Inc Valuation – March 2018 \\$CA](#)
[Red Hat Inc Valuation – March 2018 \\$RHT](#)
[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](#)