

# ModernGraham Valuation

Company Name:

F5 Networks, Inc.

Company Ticker FFIV

Date of Analysis

4/2/2018



## 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	\$8,702,132,130	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.46	Fail
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	251.17%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	20.79	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	7.17	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	1.46	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	Pass
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		

### Suitability

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

## Stage 2: Determination of Intrinsic Value

EPSmg	\$6.77
MG Growth Estimate	13.97%
<b>MG Value</b>	<b>\$246.64</b>
MG Value based on 3% Growth	\$98.16
MG Value based on 0% Growth	\$57.54
Market Implied Growth Rate	6.14%

### MG Opinion

Current Price	\$140.71
% of Intrinsic Value	57.05%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>C-</b>

## Stage 3: Information for Further Research

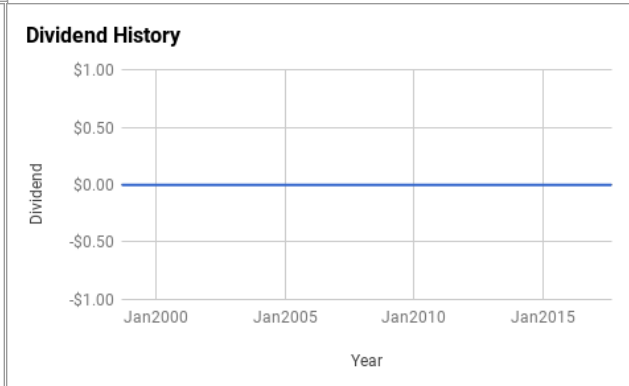
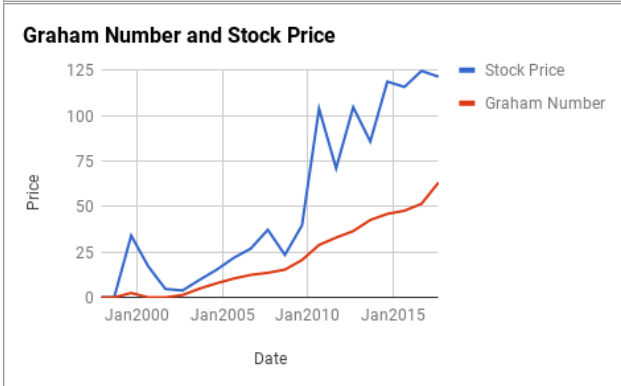
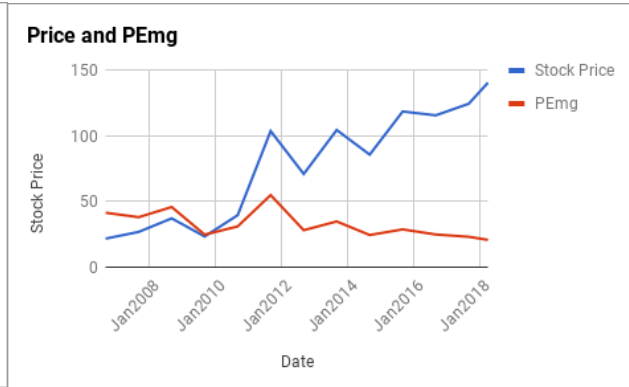
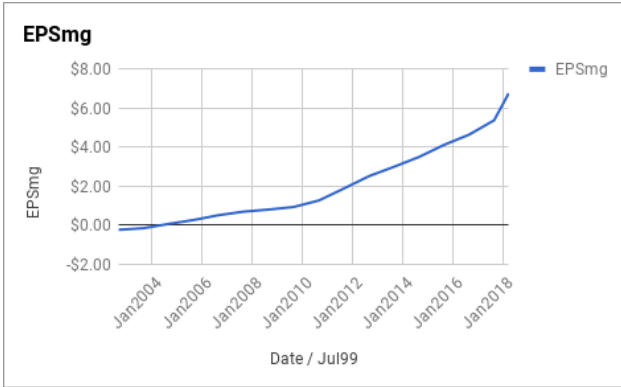
Net Current Asset Value (NCAV)	\$1.83
Graham Number	\$63.24
PEmg	20.79
Current Ratio	1.46
PB Ratio	7.17
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

### 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	\$9.05	Next Fiscal Year Estimate	\$6.77
Sep2017	\$6.50	Sep2017	\$5.39
Sep2016	\$5.38	Sep2016	\$4.65
Sep2015	\$5.03	Sep2015	\$4.12
Sep2014	\$4.09	Sep2014	\$3.51
Sep2013	\$3.50	Sep2013	\$3.00
Sep2012	\$3.45	Sep2012	\$2.52
Sep2011	\$2.96	Sep2011	\$1.89
Sep2010	\$1.86	Sep2010	\$1.28
Sep2009	\$1.14	Sep2009	\$0.94
Sep2008	\$0.89	Sep2008	\$0.81
Sep2007	\$0.90	Sep2007	\$0.71
Sep2006	\$0.80	Sep2006	\$0.52
Sep2005	\$0.61	Sep2005	\$0.28
Sep2004	\$0.51	Sep2004	\$0.08
Sep2003	\$0.04	Sep2003	-\$0.14
Sep2002	-\$0.17	Sep2002	-\$0.23
Sep2001	-\$0.68	<b>Balance Sheet Information 12/1/2017</b>	
Sep2000	\$0.30	Total Current Assets	\$1,380,817,000
Sep1999	-\$0.21	Total Current Liabilities	\$945,276,000
Sep1998	-\$0.30	Long-Term Debt	\$0
		Total Assets	\$2,493,739,000
		Intangible Assets	\$555,965,000
		Total Liabilities	\$1,266,561,000
		Shares Outstanding (Diluted Average)	62,550,000





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

- [F5 Networks Inc. Annual Valuation – 2015 \\$FFIV](#)
- [16 Companies in the Spotlight this Week – 4/19/14](#)
- [F5 Networks \(FFIV\) Annual Valuation – 2014](#)

Other ModernGraham posts about related companies

- [Cadence Design Systems Inc Valuation – Initial Coverage \\$CDNS](#)
- [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](#)