

ModernGraham Valuation

Company Name:

NetApp Inc.

Company Ticker NTAP

Date of Analysis

4/16/2018



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	\$18,291,077,187	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.91	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	-8.25%	Fail
5. Earnings Growth	PEmg < 20	64.49	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	8.41	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	1.91	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.48	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 Score		Fail

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.06
MG Growth Estimate	-4.25%
MG Value	\$0.00
MG Value based on 3% Growth	\$15.35
MG Value based on 0% Growth	\$9.00
Market Implied Growth Rate	27.99%

MG Opinion

Current Price	\$68.27
% of Intrinsic Value	N/A
Opinion	Overvalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$3.15
Graham Number	\$6.82
PEmg	64.49
Current Ratio	1.91
PB Ratio	8.41
Current Dividend	\$0.76
Dividend Yield	1.11%
Number of Consecutive Years of Dividend Growth	4

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Google Finance	MSN Money
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GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Apr2017	\$0.20	Apr2017	\$1.06
Apr2016	\$1.81	Apr2016	\$1.49
Apr2015	\$0.77	Apr2015	\$1.38
Apr2014	\$1.75	Apr2014	\$1.67
Apr2013	\$1.83	Apr2013	\$1.59
Apr2012	\$1.37	Apr2012	\$1.38
Apr2011	\$1.58	Apr2011	\$1.29
Apr2010	\$1.71	Apr2010	\$1.08
Apr2009	\$1.13	Apr2009	\$0.75
Apr2008	\$0.19	Apr2008	\$0.58
Apr2007	\$0.86	Apr2007	\$0.74
Apr2006	\$0.77	Apr2006	\$0.63
Apr2005	\$0.69	Apr2005	\$0.50
Apr2004	\$0.59	Apr2004	\$0.37
Apr2003	\$0.42	Apr2003	\$0.24
Apr2002	\$0.22	Apr2002	\$0.15
Apr2001	\$0.01	Apr2002	\$0.12
Apr2000	\$0.21	Balance Sheet Information	
Apr1999	\$0.21	1/1/2018	
Apr1998	\$0.11	Total Current Assets	\$6,766,000,000
	\$0.07	Total Current Liabilities	\$3,548,000,000
		Long-Term Debt	\$1,540,000,000
		Total Assets	\$9,787,000,000
		Intangible Assets	\$1,845,000,000
		Total Liabilities	\$7,611,000,000
		Shares Outstanding (Diluted Average)	268,000,000





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.

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