

ModernGraham Valuation

Company Name:

Synopsys, Inc.

Company Ticker SNPS

Date of Analysis

4/7/2018



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	\$12,104,739,949	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.68	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	50.72%	Pass
5. Earnings Growth	PEmg < 20	38.56	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	3.88	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	0.68	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-0.21	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	\$2.11
MG Growth Estimate	5.97%
MG Value	\$43.13
MG Value based on 3% Growth	\$30.60
MG Value based on 0% Growth	\$17.94
Market Implied Growth Rate	15.03%

MG Opinion

Current Price	\$81.39
% of Intrinsic Value	188.71%
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

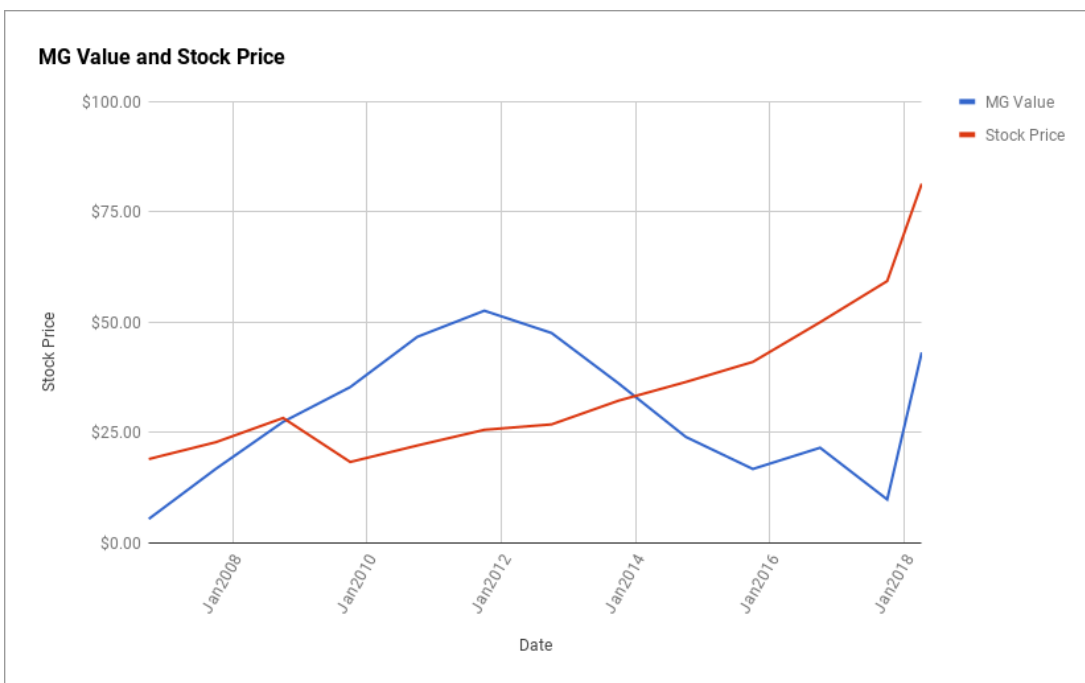
Net Current Asset Value (NCAV)	-\$8.36
Graham Number	\$42.52
PEmg	38.56
Current Ratio	0.68
PB Ratio	3.88
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Oct2017	\$3.69	Oct2017	\$2.11
Oct2016	\$0.88	Oct2016	\$1.36
Oct2015	\$1.73	Oct2015	\$1.58
Oct2014	\$1.43	Oct2014	\$1.49
Oct2013	\$1.64	Oct2013	\$1.51
Oct2012	\$1.58	Oct2012	\$1.43
Oct2011	\$1.21	Oct2011	\$1.35
Oct2010	\$1.47	Oct2010	\$1.37
Oct2009	\$1.56	Oct2009	\$1.21
Oct2008	\$1.15	Oct2008	\$0.92
Oct2007	\$1.29	Oct2007	\$0.71
Oct2006	\$0.87	Oct2006	\$0.43
Oct2005	\$0.17	Oct2005	\$0.14
Oct2004	-\$0.12	Oct2004	\$0.10
Oct2003	\$0.47	Oct2003	\$0.20
Oct2002	\$0.91	Oct2002	\$0.15
Oct2001	-\$1.51	Oct2001	-\$0.06
Oct2000	\$0.44	Balance Sheet Information	
Sep1999	\$0.69	1/1/2018	
Sep1998	\$1.10	Total Current Assets	\$1,332,346,000
	\$0.65	Total Current Liabilities	\$1,950,414,000
		Long-Term Debt	\$131,250,000
		Total Assets	\$5,717,549,000
		Intangible Assets	\$3,565,137,000
		Total Liabilities	\$2,581,020,000
		Shares Outstanding (Diluted Average)	149,441,000





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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