

ModernGraham Valuation

Edwards Lifesciences
Corp



Company Name:

Company Ticker EW

Date of Analysis

5/9/2018

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	\$28,770,028,646	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.07	Pass
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	240.63%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	41.09	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	8.96	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	2.07	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.33	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 Score		Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.29
MG Growth Estimate	8.05%
MG Value	\$80.98
MG Value based on 3% Growth	\$47.72
MG Value based on 0% Growth	\$27.98
Market Implied Growth Rate	16.29%

MG Opinion

Current Price	\$135.23
% of Intrinsic Value	166.99%
Opinion	Overvalued
MG Grade	C

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$0.64
Graham Number	\$37.78
PEmg	41.09
Current Ratio	2.07
PB Ratio	8.96
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	\$4.50	Next Fiscal Year Estimate	\$3.29
Dec2017	\$2.70	Dec2017	\$2.66
Dec2016	\$2.61	Dec2016	\$2.53
Dec2015	\$2.25	Dec2015	\$2.32
Dec2014	\$3.74	Dec2014	\$2.14
Dec2013	\$1.71	Dec2013	\$1.28
Dec2012	\$1.23	Dec2012	\$1.02
Dec2011	\$0.99	Dec2011	\$0.87
Dec2010	\$0.92	Dec2010	\$0.77
Dec2009	\$0.98	Dec2009	\$0.66
Dec2008	\$0.55	Dec2008	\$0.46
Dec2007	\$0.47	Dec2007	\$0.38
Dec2006	\$0.53	Dec2006	\$0.32
Dec2005	\$0.32	Dec2005	\$0.20
Dec2004	\$0.01	Dec2004	\$0.05
Dec2003	\$0.32	Dec2003	\$0.00
Dec2002	\$0.23	Dec2002	-\$0.17
Dec2001	-\$0.05	Balance Sheet Information 3/1/2018	
Dec2000	-\$1.16	Total Current Assets	\$2,716,900,000
Dec1999	\$0.00	Total Current Liabilities	\$1,314,500,000
Dec1998	\$0.00	Long-Term Debt	\$456,000,000
		Total Assets	\$5,825,100,000
		Intangible Assets	\$1,625,300,000
		Total Liabilities	\$2,579,400,000
		Shares Outstanding (Diluted Average)	215,100,000





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

- [12 Best Stocks for Value Investors This Week – 2/4/17](#)
- [Edwards Lifesciences Corp Valuation – January 2017 \\$EW](#)
- [Edwards Lifesciences Corp Valuation – August 2016 \\$EW](#)
- [15 Best Stocks For Value Investors This Week – 2/13/16](#)
- [Edwards Lifesciences Corp Valuation – February 2016 \\$EW](#)

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- [Centene Corp Valuation – May 2018 \\$CNC](#)
- [Abbott Laboratories Valuation – May 2018 \\$ABT](#)
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- [IQVIA Holdings Inc Valuation – Initial Coverage May 2018 \\$IQV](#)
- [Thermo Fisher Scientific Inc Valuation – April 2018 \\$TMO](#)
- [Illumina Inc Valuation – April 2018 \\$ILMN](#)
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