

ModernGraham Valuation

Company Name:

Western Digital Corp

Company Ticker WDC

Date of Analysis

5/21/2018



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	\$25,747,895,251	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.39	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	-51.26%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	30.36	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.36	Pass

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	2.39	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.88	Fail
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	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.85
MG Growth Estimate	-4.25%
MG Value	\$0.00
MG Value based on 3% Growth	\$41.33
MG Value based on 0% Growth	\$24.23
Market Implied Growth Rate	10.93%

MG Opinion

Current Price	\$86.53
% of Intrinsic Value	N/A
Opinion	Overvalued
MG Grade	D+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$24.48
Graham Number	\$51.79
PEmg	30.36
Current Ratio	2.39
PB Ratio	2.36
Current Dividend	\$2.00
Dividend Yield	2.31%
Number of Consecutive Years of Dividend Growth	5

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.07	Next Fiscal Year Estimate	\$2.85
Jun2017	\$1.34	Jun2017	\$3.11
Jun2016	\$1.00	Jun2016	\$4.29
Jun2015	\$6.18	Jun2015	\$5.72
Jun2014	\$6.68	Jun2014	\$5.41
Jun2013	\$3.98	Jun2013	\$4.63
Jun2012	\$6.58	Jun2012	\$4.74
Jun2011	\$3.09	Jun2011	\$3.71
Jun2010	\$5.93	Jun2010	\$3.75
Jun2009	\$2.08	Jun2009	\$2.51
Jun2008	\$3.84	Jun2008	\$2.46
Jun2007	\$2.50	Jun2007	\$1.63
Jun2006	\$1.76	Jun2006	\$1.10
Jun2005	\$0.90	Jun2005	\$0.68
Jun2004	\$0.69	Jun2004	\$0.31
Jun2003	\$0.87	Jun2003	-\$0.41
Jun2002	\$0.34	Jun2002	-\$1.46
Jun2001	-\$0.31	Balance Sheet Information 3/1/2018	
Jun2000	-\$2.69	Total Current Assets	\$10,164,000,000
Jun1999	-\$5.51	Total Current Liabilities	\$4,259,000,000
Jun1998	-\$3.32	Long-Term Debt	\$11,076,000,000
		Total Assets	\$29,004,000,000
		Intangible Assets	\$13,035,000,000
		Total Liabilities	\$17,704,000,000
		Shares Outstanding (Diluted Average)	308,000,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author held a long position in WDC 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

- [Western Digital Corporation Valuation – February 2017 \\$WDC](#)
- [Best Stocks Below Their Graham Number – August 2016](#)
- [Western Digital Corporation Valuation – August 2016 \\$WDC](#)
- [10 Low PE Stock Picks for the Defensive Investor – August 2016](#)
- [10 Low PE Stocks for the Defensive Investor – July 2016](#)

Other
ModernGraham
posts about related
companies

- [Qualcomm Inc Valuation – May 2018 \\$QCOM](#)
- [Advanced Micro Devices Inc Valuation – May 2018 \\$AMD](#)
- [Ametek Inc Valuation – April 2018 \\$AME](#)
- [Qorvo Inc Valuation – April 2018 \\$QRVO](#)
- [FLIR Systems Inc Valuation – April 2018 \\$FLIR](#)
- [NetApp Inc Valuation – April 2018 \\$NTAP](#)
- [Applied Materials Inc Valuation – April 2018 \\$AMAT](#)
- [Broadcom Inc Valuation – April 2018 \\$AVGO](#)
- [Microchip Technology Inc Valuation – April 2018 \\$MCHP](#)
- [KLA-Tencor Corp Valuation – March 2018 \\$KLAC](#)