ModernGraham Valuation

Company Name:

Ligand Pharmaceuticals Inc.



Company Ticker LGND

Date of Analysis 9/9/2018

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.

 Adequate Size of the Enterprise 	Market Cap > \$2Bil	\$5,371,771,546 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.34 Pass
3. Earnings Stability	Positive EPS for 10 years prior	Fail
4. Dividend Record	Dividend Payments for 10 years prior	Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at	
5. Earnings Growth	beginning and end	-5378.57% Fail
6. Moderate PEmg Ratio	PEmg < 20	64.93 Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	10.04 Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

Sufficiently Strong Financial Condition	Current Ratio > 1.5	2.34 Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.70 Pass
3. Earnings Stability	Positive EPS for 5 years prior	Fail
4. Dividend Record	Currently Pays Dividend	Fail
5. Earnings Growth	EPSmg greater than 5 years ago	Pass
	Score	

Score

Suitability

Defensive No Enterprising No

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.92
MG Growth Estimate	15.00%
MG Value	\$150.92
MG Value based on 3% Growth	\$56.84
MG Value based on 0% Growth	\$33.32
Market Implied Growth Rate	28.22%

MG Opinion

Outstan	O
% of Intrinsic Value	168.66%
Current Price	\$254.54

Opinion Overvalued

MG Grade F

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$9.90
Graham Number	\$54.33
PEmg	64.93
Current Ratio	2.34
PB Ratio	10.04
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

Morningstar

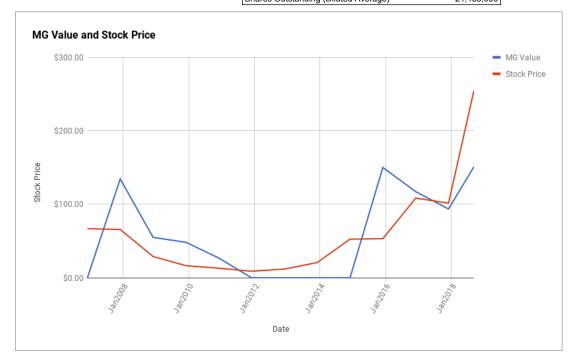
Useful Links: ModernGraham tagged articles

 Google Finance
 MSN Money

 Yahoo Finance
 Seeking Alpha

 GuruFocus
 SEC Filings

EPS History		EPSmg History	
Next Fiscal Year		l <u>_</u> <u>_</u>	
Estimate		Next Fiscal Year Estimate	\$3.92
Dec2017	\$0.53	Dec2017	\$2.43
Dec2016	-\$0.08	Dec2016	\$3.04
Dec2015	\$10.83	Dec2015	\$3.90
Dec2014	\$0.56	Dec2014	\$0.36
Dec2013	\$0.55	Dec2013	\$0.20
Dec2012	-\$0.03	Dec2012	-\$0.41
Dec2011	\$0.49	Dec2011	\$0.33
Dec2010	-\$0.53	Dec2010	\$0.70
Dec2009	-\$0.10	Dec2009	\$1.25
Dec2008	-\$6.18	Dec2008	\$1.43
Dec2007	\$17.22	Dec2007	\$3.50
Dec2006	-\$2.34	Dec2006	-\$3.69
Dec2005	-\$2.94	Dec2005	-\$4.48
Dec2004	-\$3.66	Dec2004	-\$5.42
Dec2003	-\$8.16	Dec2003	-\$6.51
Dec2002	-\$4.56	Dec2002	-\$6.72
Dec2001	-\$4.32	Balance Sheet Information	6/1/2018
Dec2000	-\$8.10	Total Current Assets	\$1,480,470,000
Dec1999	-\$9.48	Total Current Liabilities	\$632,850,000
Dec1998	-\$17.52	Long-Term Debt	\$595,912,000
•		Total Assets	\$1,858,284,000
		Intangible Assets	\$328,399,000
		Total Liabilities	\$1,238,471,000
		Shares Outstanding (Diluted Average)	24,438,000





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 <u>Ligand Pharmaceuticals Inc Valuation – Initial Coverage \$LGND</u>

Other ModernGraham posts about related companies Supernus Pharmaceuticals Inc Valuation - August 2018 \$SUPN

<u>Lannett Co Inc Valuation – August 2018 \$LCI</u>

Spectrum Pharmaceuticals Inc Valuation – August 2018 \$SPPI

Akorn Inc Valuation - July 2018 \$AKRX

Mallinckrodt PLC Valuation – July 2018 \$MNK

Bristol-Myers Squibb Company Valuation - June 2018 \$BMY

Biogen Inc Valuation – June 2018 \$BIIB

Mylan NV Valuation – June 2018 \$MYL

Amgen Inc Valuation – June 2018 \$AMGN

Celgene Corp Valuation - June 2018 \$CELG