

ModernGraham Valuation

Lumentum Holdings
Inc



Company Name:

Company Ticker LITE

Date of Analysis

10/2/2018

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	\$3,813,220,204	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	5.27	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 beginning and end	19333.33%	Pass
5. Earnings Growth	PEmg < 20	31.59	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	4.13	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	5.27	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.37	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 Score		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.91
MG Growth Estimate	15.00%
MG Value	\$73.38
MG Value based on 3% Growth	\$27.64
MG Value based on 0% Growth	\$16.20
Market Implied Growth Rate	11.54%

MG Opinion

Current Price	\$60.21
% of Intrinsic Value	82.05%
Opinion	Fairly Valued
MG Grade	D+

Stage 3: Information for Further Research

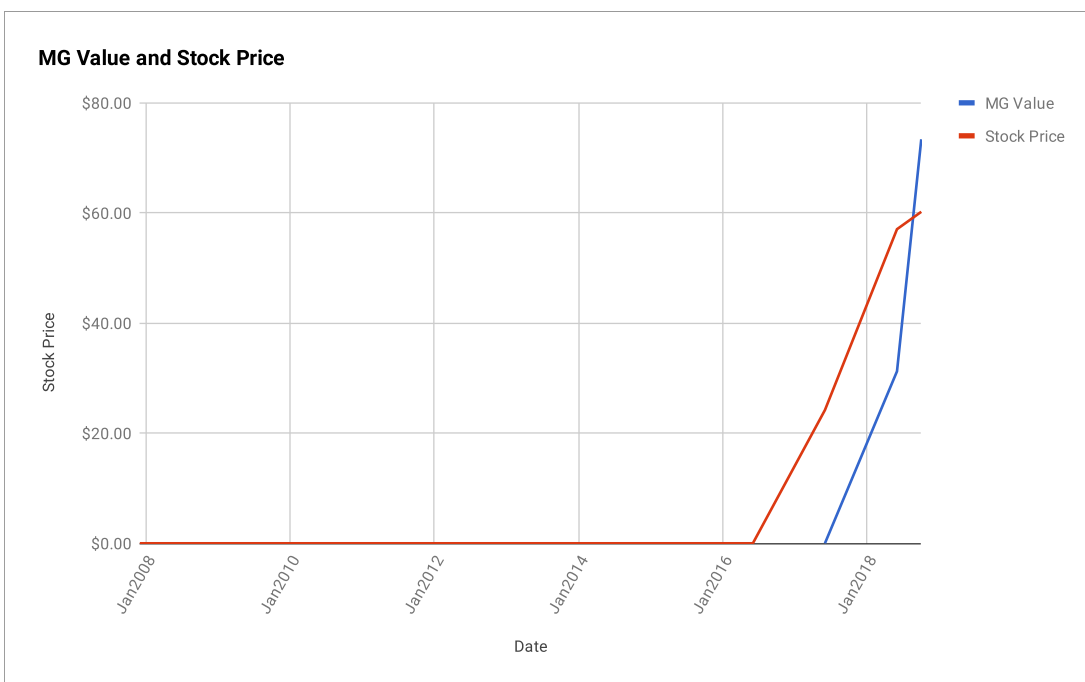
Net Current Asset Value (NCAV)	\$7.42
Graham Number	\$35.14
PEmg	31.59
Current Ratio	5.27
PB Ratio	4.13
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

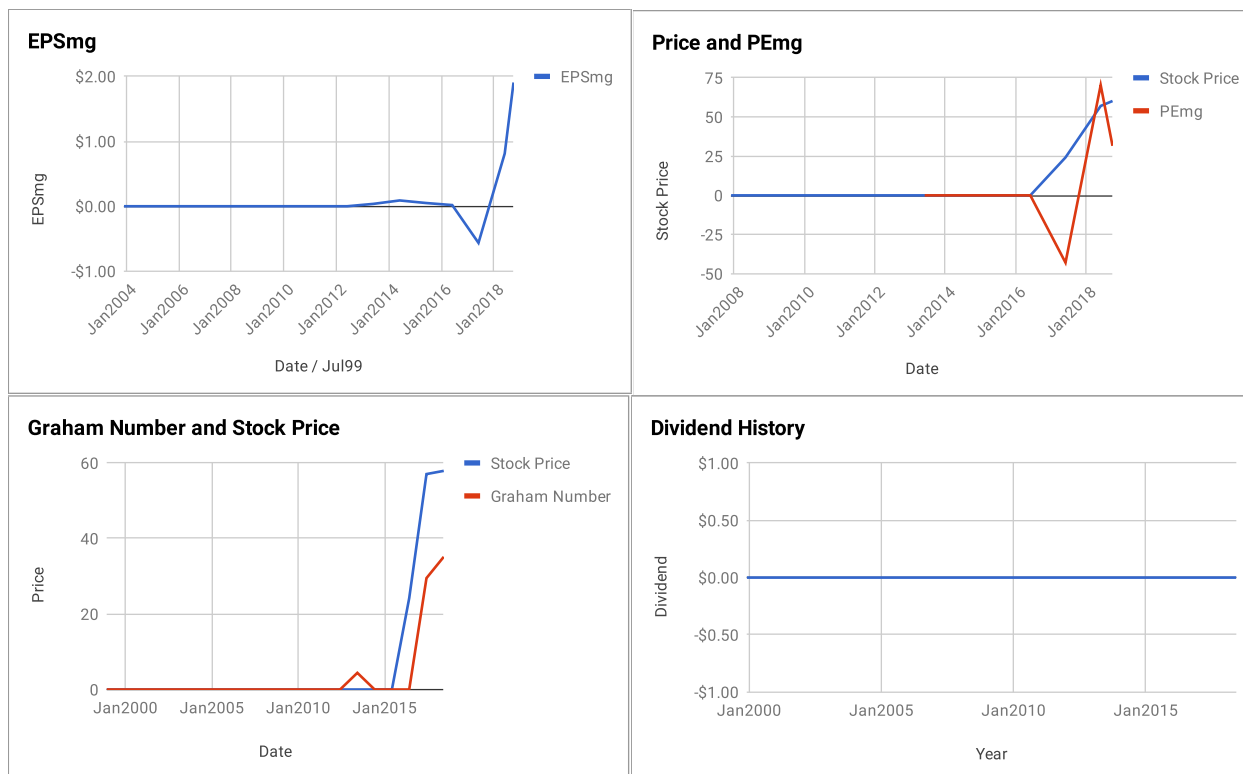
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.72	Next Fiscal Year Estimate	\$1.91
Jun2018	\$3.82	Jun2018	\$0.81
Jun2017	-\$1.71	Jun2017	-\$0.56
Jun2016	-\$0.05	Jun2016	\$0.02
Jun2015	-\$0.06	Jun2015	\$0.05
Jun2014	\$0.18	Jun2014	\$0.09
Jun2013	\$0.11	Jun2013	\$0.04
Jun2012	\$0.00	Jun2012	\$0.00
Dec2011	\$0.00	Dec2011	\$0.00
Dec2010	\$0.00	Dec2010	\$0.00
Dec2009	\$0.00	Dec2009	\$0.00
Dec2008	\$0.00	Dec2008	\$0.00
Dec2007	\$0.00	Dec2007	\$0.00
Dec2006	\$0.00	Dec2006	\$0.00
Dec2005	\$0.00	Dec2005	\$0.00
Dec2004	\$0.00	Dec2004	\$0.00
Dec2003	\$0.00	Dec2003	\$0.00
Dec2002	\$0.00	Balance Sheet Information 6/1/2018	
Dec2001	\$0.00	Total Current Assets	\$1,127,200,000
Dec2000	\$0.00	Total Current Liabilities	\$214,000,000
Dec1999	\$0.00	Long-Term Debt	\$334,200,000
		Total Assets	\$1,581,500,000
		Intangible Assets	\$18,300,000
		Total Liabilities	\$655,400,000
		Shares Outstanding (Diluted Average)	63,600,000





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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company

[Lumentum Holdings Inc Valuation – Initial Coverage \\$LITE](#)

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