

ModernGraham Valuation

Company Name:

Align Technology, Inc.

Company Ticker ALGN

Date of Analysis

2/7/2019



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	\$19,156,807,520	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.88	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	391.57%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	62.96	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	15.47	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	1.88	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	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		Pass
	Score		

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.80
MG Growth Estimate	15.00%
MG Value	\$146.43
MG Value based on 3% Growth	\$55.15
MG Value based on 0% Growth	\$32.33
Market Implied Growth Rate	27.23%

MG Opinion

Current Price	\$239.45
% of Intrinsic Value	163.53%
Opinion	Overvalued
MG Grade	C-

Stage 3: Information for Further Research

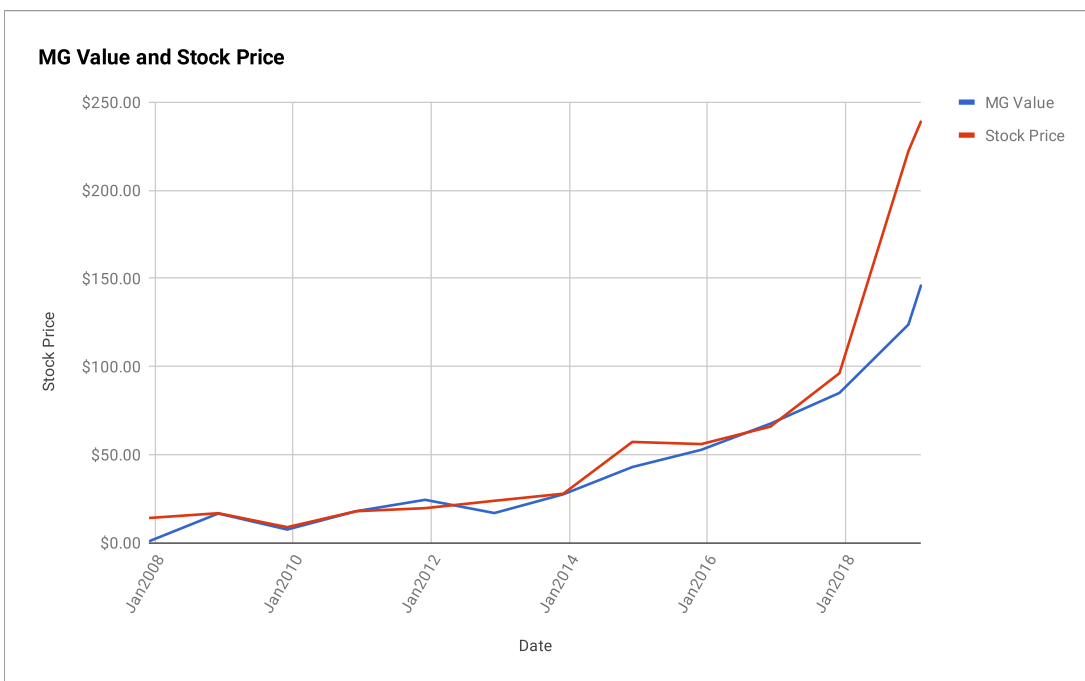
Net Current Asset Value (NCAV)	\$6.21
Graham Number	\$39.78
PEmg	62.96
Current Ratio	1.88
PB Ratio	15.47
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

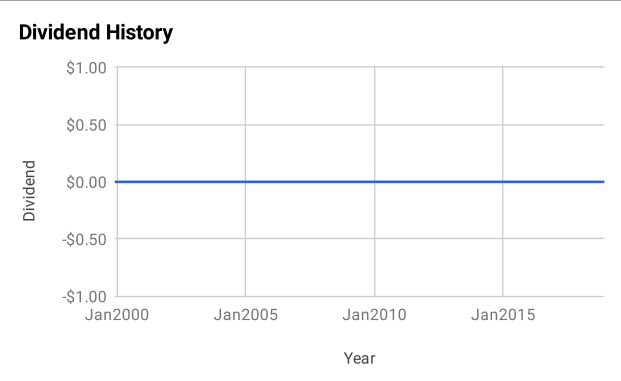
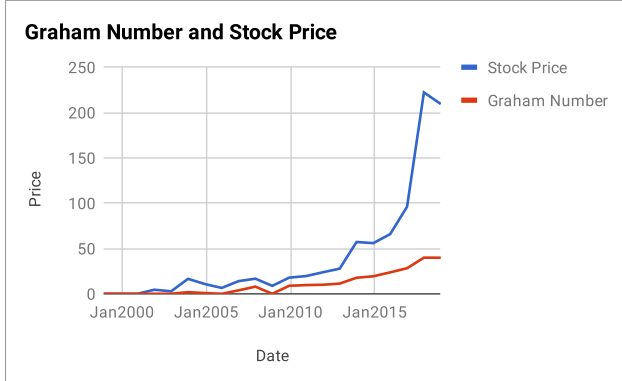
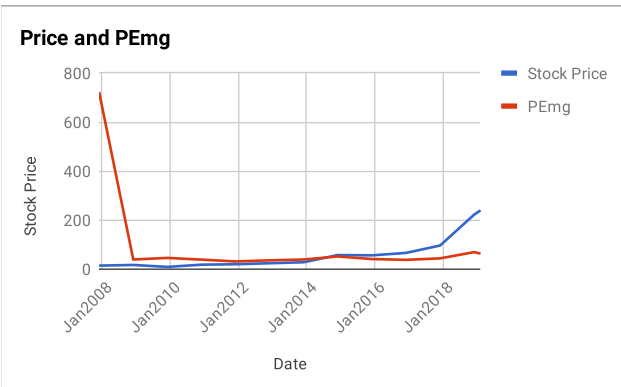
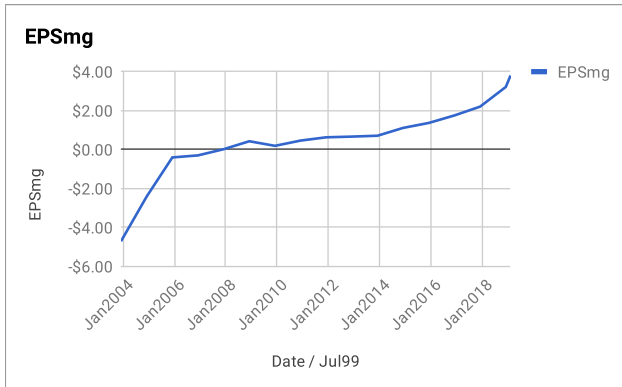
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.49	Next Fiscal Year Estimate	\$3.80
Dec2018	\$4.92	Dec2018	\$3.21
Dec2017	\$2.83	Dec2017	\$2.21
Dec2016	\$2.33	Dec2016	\$1.75
Dec2015	\$1.77	Dec2015	\$1.37
Dec2014	\$1.77	Dec2014	\$1.11
Dec2013	\$0.78	Dec2013	\$0.71
Dec2012	\$0.71	Dec2012	\$0.67
Dec2011	\$0.83	Dec2011	\$0.63
Dec2010	\$0.95	Dec2010	\$0.46
Dec2009	-\$0.45	Dec2009	\$0.19
Dec2008	\$1.18	Dec2008	\$0.43
Dec2007	\$0.50	Dec2007	\$0.02
Dec2006	-\$0.55	Dec2006	-\$0.30
Dec2005	\$0.02	Dec2005	-\$0.40
Dec2004	\$0.14	Dec2004	-\$2.41
Dec2003	-\$0.35	Dec2003	-\$4.71
Dec2002	-\$1.52	Balance Sheet Information 12/1/2018	
Dec2001	-\$2.61	Total Current Assets	\$1,302,479,000
Dec2000	-\$25.64	Total Current Liabilities	\$692,073,000
Dec1999	-\$3.65	Long-Term Debt	\$0
		Total Assets	\$2,052,458,000
		Intangible Assets	\$81,949,000
		Total Liabilities	\$799,567,000
		Shares Outstanding (Diluted Average)	80,943,000





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**
- [Align Technology Inc Valuation – April 2018 \\$ALGN](#)
 - [Align Technology Inc Valuation – August 2016 \\$ALGN](#)
 - [Align Technology Inc Valuation – May 2016 \\$ALGN](#)
 - [Align Technology Inc. Valuation – November 2015 Update \\$ALGN](#)
 - [Align Technology Analysis – Initial Coverage \\$ALGN](#)

- Other ModernGraham posts about related companies**
- [Abiomed Inc Valuation – February 2019 \\$ABMD](#)
 - [Laboratory Corp of America Holdings Inc Valuation – January 2019 \\$LH](#)
 - [Intuitive Surgical Inc Valuation – January 2019 \\$ISRG](#)
 - [PerkinElmer Inc Valuation – January 2019 \\$PKI](#)
 - [Cardinal Health Inc Valuation – January 2019 \\$CAH](#)
 - [Varian Medical Systems Inc Valuation – January 2019 \\$VAR](#)
 - [Zimmer Biomet Holdings Inc Valuation – January 2019 \\$ZBH](#)
 - [Henry Schein Inc Valuation – January 2019 \\$HSIC](#)
 - [Medtronic PLC Valuation – January 2019 \\$MDT](#)
 - [UnitedHealth Group Inc Valuation – November 2018 \\$UNH](#)