

# ModernGraham Valuation

Company Name:

F5 Networks, Inc.

Company Ticker FFIV

Date of Analysis

2/2/2019



## 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	\$9,644,485,833	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.55	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	192.14%	Pass
5. Earnings Growth	PEmg < 20	20.73	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	6.92	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	1.55	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 Score		Pass

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$7.75
MG Growth Estimate	13.19%
<b>MG Value</b>	<b>\$270.35</b>
MG Value based on 3% Growth	\$112.39
MG Value based on 0% Growth	\$65.89
Market Implied Growth Rate	6.12%

### MG Opinion

Current Price	\$160.72
% of Intrinsic Value	59.45%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>B-</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$2.26
Graham Number	\$70.47
PEmg	20.73
Current Ratio	1.55
PB Ratio	6.92
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$10.34	Next Fiscal Year Estimate	\$7.75
Sep2018	\$7.32	Sep2018	\$6.19
Sep2017	\$6.50	Sep2017	\$5.39
Sep2016	\$5.38	Sep2016	\$4.65
Sep2015	\$5.03	Sep2015	\$4.12
Sep2014	\$4.09	Sep2014	\$3.51
Sep2013	\$3.50	Sep2013	\$3.00
Sep2012	\$3.45	Sep2012	\$2.52
Sep2011	\$2.96	Sep2011	\$1.89
Sep2010	\$1.86	Sep2010	\$1.25
Sep2009	\$1.14	Sep2009	\$0.89
Sep2008	\$0.89	Sep2008	\$0.71
Sep2007	\$0.90	Sep2007	\$0.56
Sep2006	\$0.40	Sep2006	\$0.34
Sep2005	\$0.61	Sep2005	\$0.21
Sep2004	\$0.26	Sep2004	-\$0.01
Sep2003	\$0.02	Sep2003	-\$0.15
Sep2002	-\$0.17	<b>Balance Sheet Information 12/1/2018</b>	
Sep2001	-\$0.68	Total Current Assets	\$1,619,636,000
Sep2000	\$0.30	Total Current Liabilities	\$1,047,690,000
Sep1999	-\$0.21	Long-Term Debt	\$0
		Total Assets	\$2,891,896,000
		Intangible Assets	\$555,965,000
		Total Liabilities	\$1,482,708,000
		Shares Outstanding (Diluted Average)	60,645,000





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

[F5 Networks Inc Valuation – April 2018 \\$FFIV](#)  
[F5 Networks Inc Valuation – July 2016 \\$FFIV](#)  
[F5 Networks Inc. Annual Valuation – 2015 \\$FFIV](#)  
[16 Companies in the Spotlight this Week – 4/19/14](#)  
[F5 Networks \(FFIV\) Annual Valuation – 2014](#)

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[Red Hat Inc Valuation – January 2019 \\$RHT](#)  
[Alphabet Inc Valuation – January 2019 \\$GOOG \\$GOOGL](#)  
[Ansys Inc Valuation – January 2019 \\$ANSS](#)  
[Citrix Systems Inc Valuation – January 2019 \\$CTXS](#)  
[Microsoft Corporation Valuation – November 2018 \\$MSFT](#)  
[Cisco Systems Inc Valuation – November 2018 \\$CSCO](#)  
[Kinaxis Inc Valuation – August 2018 \\$TSE:KXS](#)  
[CSG Systems International Inc Valuation – August 2018 \\$CSGS](#)  
[SPS Commerce Inc Valuation – August 2018 \\$SPSC](#)