

ModernGraham Valuation

Company Name:

Fortinet Inc

Company Ticker FTNT

Date of Analysis

2/11/2019



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	\$13,931,162,505	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.87	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	54.37%	Pass
5. Earnings Growth	PEmg < 20	160.12	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	16.11	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	1.87	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	\$0.51
MG Growth Estimate	13.65%
MG Value	\$18.29
MG Value based on 3% Growth	\$7.40
MG Value based on 0% Growth	\$4.34
Market Implied Growth Rate	75.81%

MG Opinion

Current Price	\$81.77
% of Intrinsic Value	447.19%
Opinion	Overvalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$1.17
Graham Number	\$9.86
PEmg	160.12
Current Ratio	1.87
PB Ratio	16.11
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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		Next Fiscal Year Estimate	
	\$1.23		\$0.51
Dec2017	\$0.18	Dec2017	\$0.16
Dec2016	\$0.18	Dec2016	\$0.16
Dec2015	\$0.05	Dec2015	\$0.19
Dec2014	\$0.15	Dec2014	\$0.27
Dec2013	\$0.26	Dec2013	\$0.33
Dec2012	\$0.40	Dec2012	\$0.34
Dec2011	\$0.38	Dec2011	\$0.28
Dec2010	\$0.26	Dec2010	\$0.19
Dec2009	\$0.39	Dec2009	\$0.13
Dec2008	\$0.01	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	Dec2002	\$0.00
Dec2001	\$0.00	Balance Sheet Information	
Dec2000	\$0.00	9/1/2018	
Dec1999	\$0.00	Total Current Assets	\$2,078,100,000
Dec1998	\$0.00	Total Current Liabilities	\$1,111,900,000
		Long-Term Debt	\$0
		Total Assets	\$2,763,500,000
		Intangible Assets	\$43,800,000
		Total Liabilities	\$1,871,900,000
		Shares Outstanding (Diluted Average)	175,700,000





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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ModernGraham
posts about the
company

#N/A

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companies

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