

ModernGraham Valuation

Company Name:

NetApp Inc.

Company Ticker NTAP

Date of Analysis

2/14/2019



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	\$15,979,647,494	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.65	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	39.82%	Pass
5. Earnings Growth	PEmg < 20	31.33	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	10.92	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	1.65	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.53	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass
	Score		

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.02
MG Growth Estimate	3.14%
MG Value	\$29.84
MG Value based on 3% Growth	\$29.28
MG Value based on 0% Growth	\$17.16
Market Implied Growth Rate	11.42%

MG Opinion

Current Price	\$63.27
% of Intrinsic Value	212.06%
Opinion	Overvalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$5.87
Graham Number	\$26.89
PEmg	31.33
Current Ratio	1.65
PB Ratio	10.92
Current Dividend	\$0.80
Dividend Yield	1.26%
Number of Consecutive Years of Dividend Growth	5

Useful Links:

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Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Apr2018	\$4.09	Apr2018	\$2.02
Apr2017	\$0.28	Apr2017	\$1.09
Apr2016	\$1.81	Apr2016	\$1.49
Apr2015	\$0.77	Apr2015	\$1.38
Apr2014	\$1.75	Apr2014	\$1.67
Apr2013	\$1.83	Apr2013	\$1.59
Apr2012	\$1.37	Apr2012	\$1.38
Apr2011	\$1.58	Apr2011	\$1.29
Apr2010	\$1.71	Apr2010	\$1.08
Apr2009	\$1.13	Apr2009	\$0.75
Apr2008	\$0.19	Apr2008	\$0.58
Apr2007	\$0.86	Apr2007	\$0.74
Apr2006	\$0.77	Apr2006	\$0.63
Apr2005	\$0.69	Apr2005	\$0.50
Apr2004	\$0.59	Apr2004	\$0.37
Apr2003	\$0.42	Apr2003	\$0.24
Apr2002	\$0.22		\$0.15
Apr2001	\$0.01	Balance Sheet Information 10/1/2018	
Apr2000	\$0.21	Total Current Assets	\$5,471,000,000
Apr1999	\$0.21	Total Current Liabilities	\$3,310,000,000
	\$0.11	Long-Term Debt	\$1,144,000,000
		Total Assets	\$8,551,000,000
		Intangible Assets	\$1,811,000,000
		Total Liabilities	\$7,021,000,000
		Shares Outstanding (Diluted Average)	264,000,000





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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