

# ModernGraham Valuation

Company Name:

Waters Corporation

Company Ticker WAT

Date of Analysis

2/18/2019



## 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  | \$17,776,758,517 | Pass |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2  | 2.26             | Pass |
| 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 | 21.95%           | Fail |
| 5. Earnings Growth                         |  |                  |      |
| 6. Moderate PEmg Ratio                     | PEmg < 20  | 36.93            | Fail |
| 7. Moderate Price to Assets                | PB Ratio < 2.5 OR PB*PEmg < 50   | 11.28            | 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            | 2.26 | 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

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

## Stage 2: Determination of Intrinsic Value

|                             |                |
|-----------------------------|----------------|
| EPSmg                       | \$6.35         |
| MG Growth Estimate          | 3.05%          |
| <b>MG Value</b>             | <b>\$92.82</b> |
| MG Value based on 3% Growth | \$92.14        |
| MG Value based on 0% Growth | \$54.01        |
| Market Implied Growth Rate  | 14.22%         |

### MG Opinion

|                      |                   |
|----------------------|-------------------|
| Current Price        | \$234.69          |
| % of Intrinsic Value | 252.85%           |
| <b>Opinion</b>       | <b>Overvalued</b> |
| <b>MG Grade</b>      | <b>C</b>          |

## Stage 3: Information for Further Research

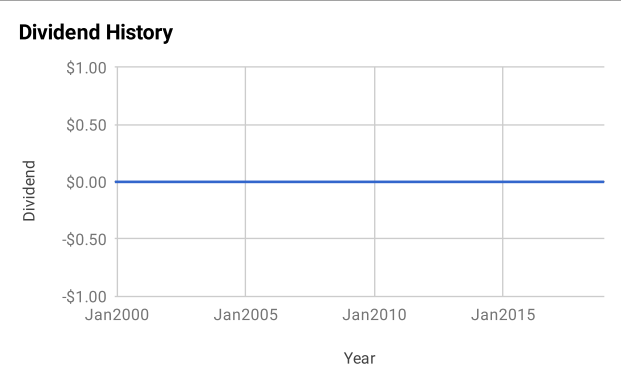
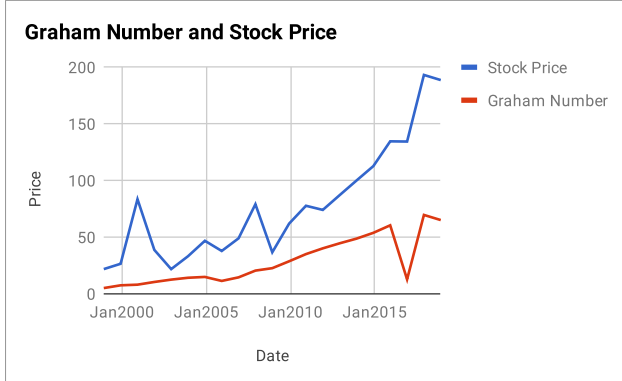
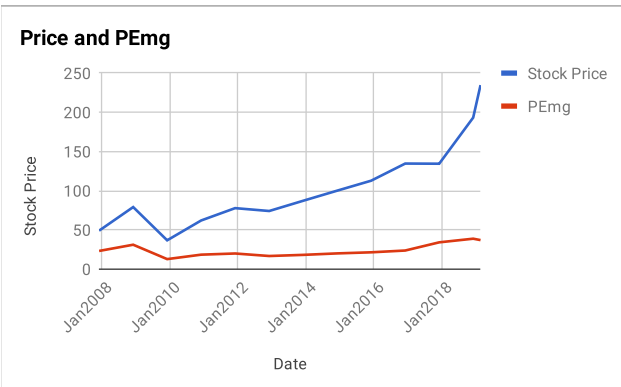
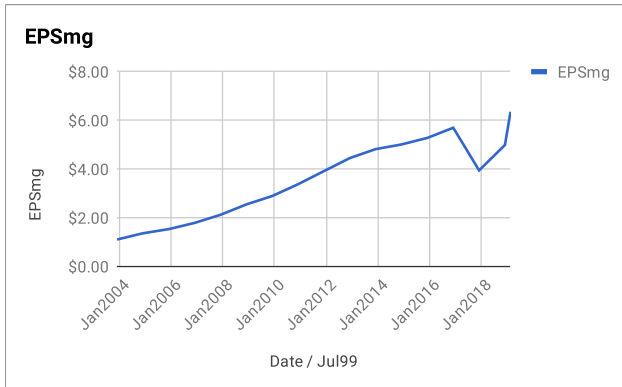
|  |         |
|--|---------|
| Net Current Asset Value (NCAV)                 | \$5.77  |
| Graham Number                                  | \$65.09 |
| PEmg   | 36.93   |
| Current Ratio                                  | 2.26    |
| PB Ratio                                       | 11.28   |
| Current Dividend                               | \$0.00  |
| Dividend Yield                                 | 0.00%   |
| Number of Consecutive Years of Dividend Growth | 0       |

### Useful Links:

|  |                               |
|--|-------------------------------|
| <a href="#">ModernGraham tagged articles</a> | <a href="#">Morningstar</a>   |
| <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 | \$9.10 | Next Fiscal Year Estimate                  | \$6.35          |
| Dec2018                   | \$7.65 | Dec2018                                    | \$4.99          |
| Dec2017                   | \$0.25 | Dec2017                                    | \$3.95          |
| Dec2016                   | \$6.41 | Dec2016                                    | \$5.70          |
| Dec2015                   | \$5.65 | Dec2015                                    | \$5.28          |
| Dec2014                   | \$5.07 | Dec2014                                    | \$5.01          |
| Dec2013                   | \$5.20 | Dec2013                                    | \$4.82          |
| Dec2012                   | \$5.19 | Dec2012                                    | \$4.45          |
| Dec2011                   | \$4.69 | Dec2011                                    | \$3.92          |
| Dec2010                   | \$4.06 | Dec2010                                    | \$3.38          |
| Dec2009                   | \$3.34 | Dec2009                                    | \$2.89          |
| Dec2008                   | \$3.21 | Dec2008                                    | \$2.55          |
| Dec2007                   | \$2.62 | Dec2007                                    | \$2.12          |
| Dec2006                   | \$2.13 | Dec2006                                    | \$1.79          |
| Dec2005                   | \$1.74 | Dec2005                                    | \$1.53          |
| Dec2004                   | \$1.82 | Dec2004                                    | \$1.36          |
| Dec2003                   | \$1.34 | Dec2003                                    | \$1.11          |
| Dec2002                   | \$1.09 | <b>Balance Sheet Information 12/1/2018</b> |                 |
| Dec2001                   | \$0.83 | Total Current Assets                       | \$2,595,109,000 |
| Dec2000                   | \$1.06 | Total Current Liabilities                  | \$1,148,350,000 |
| Dec1999                   | \$0.92 | Long-Term Debt                             | \$0             |
|                           |        | Total Assets                               | \$3,727,426,000 |
|                           |        | Intangible Assets                          | \$602,516,000   |
|                           |        | Total Liabilities                          | \$2,160,168,000 |
|                           |        | Shares Outstanding (Diluted Average)       | 75,345,000      |





**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**

- [Waters Corp Valuation – April 2018 \\$WAT](#)
- [Waters Corporation Valuation – November 2016 \\$WAT](#)
- [Waters Corporation Valuation – May 2016 \\$WAT](#)
- [Waters Corporation Analysis – September 2015 Update \\$WAT](#)
- [Waters Corporation Analysis – June 2015 Update \\$WAT](#)

**Other ModernGraham posts about related companies**

- [Cerner Corp Valuation – February 2019 \\$CERN](#)
- [HCA Healthcare Inc Valuation – February 2019 \\$HCA](#)
- [Stryker Corp Valuation – February 2019 \\$SYK](#)
- [Align Technology Inc Valuation – February 2019 \\$ALGN](#)
- [Quest Diagnostics Inc Valuation – February 2019 \\$DGX](#)
- [AmerisourceBergen Corp Valuation – February 2019 \\$ABC](#)
- [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](#)