

ModernGraham Valuation

Edwards Lifesciences
Corp



Company Name:

Company Ticker EW

Date of Analysis

3/2/2019

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	\$36,091,033,254	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.61	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	258.21%	Pass
5. Earnings Growth	PEmg < 20	47.51	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	11.73	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	2.61	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.42	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

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.66
MG Growth Estimate	8.64%
MG Value	\$94.29
MG Value based on 3% Growth	\$53.01
MG Value based on 0% Growth	\$31.08
Market Implied Growth Rate	19.51%

MG Opinion

Current Price	\$173.71
% of Intrinsic Value	184.24%
Opinion	Overvalued
MG Grade	C

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$0.49
Graham Number	\$41.72
PEmg	47.51
Current Ratio	2.61
PB Ratio	11.73
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		\$5.15	Next Fiscal Year Estimate		\$3.66
Dec2018		\$3.38	Dec2018		\$2.92
Dec2017		\$2.70	Dec2017		\$2.66
Dec2016		\$2.61	Dec2016		\$2.53
Dec2015		\$2.25	Dec2015		\$2.32
Dec2014		\$3.74	Dec2014		\$2.14
Dec2013		\$1.71	Dec2013		\$1.28
Dec2012		\$1.23	Dec2012		\$1.02
Dec2011		\$0.99	Dec2011		\$0.87
Dec2010		\$0.92	Dec2010		\$0.77
Dec2009		\$0.98	Dec2009		\$0.66
Dec2008		\$0.55	Dec2008		\$0.46
Dec2007		\$0.47	Dec2007		\$0.38
Dec2006		\$0.53	Dec2006		\$0.32
Dec2005		\$0.32	Dec2005		\$0.20
Dec2004		\$0.01	Dec2004		\$0.05
Dec2003		\$0.32	Dec2003		\$0.00
Dec2002		\$0.23	Balance Sheet Information 12/1/2018		
Dec2001		-\$0.05	Total Current Assets		\$2,286,900,000
Dec2000		-\$1.16	Total Current Liabilities		\$876,600,000
Dec1999		\$0.00	Long-Term Debt		\$593,800,000
			Total Assets		\$5,323,700,000
			Intangible Assets		\$1,455,400,000
			Total Liabilities		\$2,183,300,000
			Shares Outstanding (Diluted Average)		212,100,000





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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