

ModernGraham Valuation

Company Name:

Western Digital Corp

Company Ticker WDC

Date of Analysis

3/11/2019



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	\$14,501,831,037	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.24	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	-73.33%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	31.02	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.32	Pass

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	2.24	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.92	Fail
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		Fail
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.61
MG Growth Estimate	-4.25%
MG Value	\$0.00
MG Value based on 3% Growth	\$23.30
MG Value based on 0% Growth	\$13.66
Market Implied Growth Rate	11.26%

MG Opinion

Current Price	\$49.84
% of Intrinsic Value	N/A
Opinion	Overvalued
MG Grade	D+

Stage 3: Information for Further Research

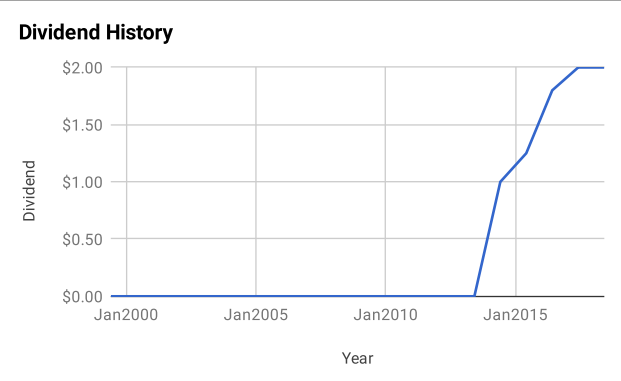
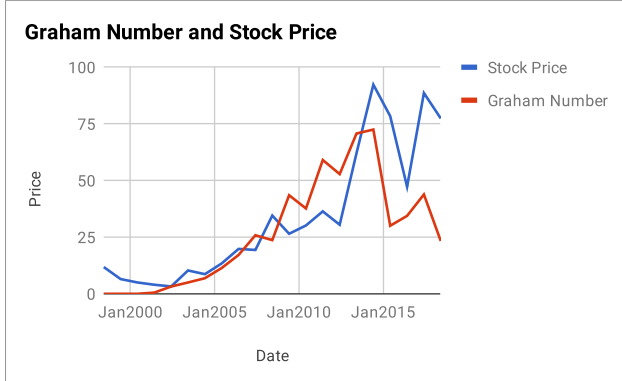
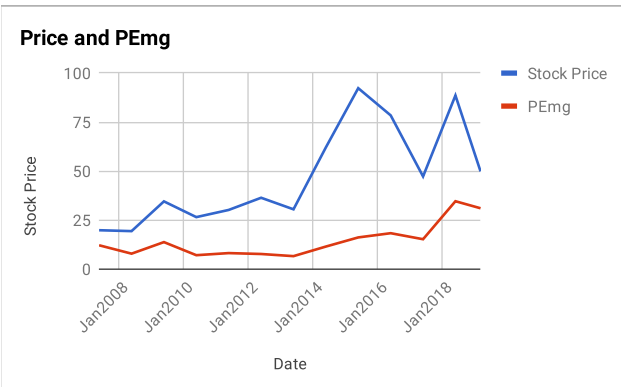
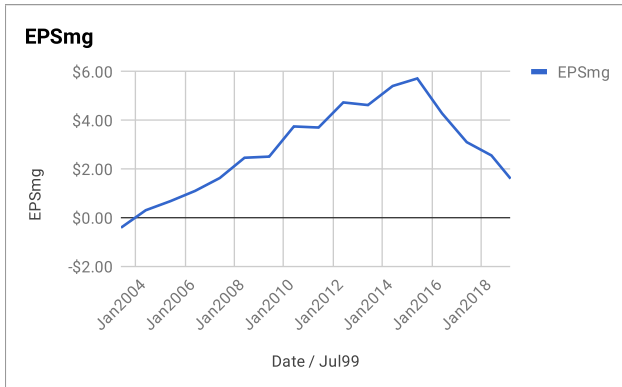
Net Current Asset Value (NCAV)	-\$25.12
Graham Number	\$23.31
PEmg	31.02
Current Ratio	2.24
PB Ratio	1.32
Current Dividend	\$2.00
Dividend Yield	4.01%
Number of Consecutive Years of Dividend Growth	0

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	\$0.62	Next Fiscal Year Estimate	\$1.61
Jun2018	\$2.20	Jun2018	\$2.56
Jun2017	\$1.34	Jun2017	\$3.11
Jun2016	\$1.00	Jun2016	\$4.29
Jun2015	\$6.18	Jun2015	\$5.72
Jun2014	\$6.68	Jun2014	\$5.41
Jun2013	\$3.98	Jun2013	\$4.63
Jun2012	\$6.58	Jun2012	\$4.74
Jun2011	\$3.09	Jun2011	\$3.71
Jun2010	\$5.93	Jun2010	\$3.75
Jun2009	\$2.08	Jun2009	\$2.51
Jun2008	\$3.84	Jun2008	\$2.46
Jun2007	\$2.50	Jun2007	\$1.63
Jun2006	\$1.76	Jun2006	\$1.10
Jun2005	\$0.90	Jun2005	\$0.68
Jun2004	\$0.69	Jun2004	\$0.31
Jun2003	\$0.87	Jun2003	-\$0.41
Jun2002	\$0.34	Balance Sheet Information 12/1/2018	
Jun2001	-\$0.31	Total Current Assets	\$9,742,000,000
Jun2000	-\$2.69	Total Current Liabilities	\$4,350,000,000
Jun1999	-\$5.51	Long-Term Debt	\$10,370,000,000
		Total Assets	\$27,939,000,000
		Intangible Assets	\$12,222,000,000
		Total Liabilities	\$17,027,000,000
		Shares Outstanding (Diluted Average)	290,000,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor. The author held a long position in WDC 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

- [Western Digital Corp Valuation – May 2018 \\$WDC](#)
- [Western Digital Corporation Valuation – February 2017 \\$WDC](#)
- [Best Stocks Below Their Graham Number – August 2016](#)
- [Western Digital Corporation Valuation – August 2016 \\$WDC](#)
- [10 Low PE Stock Picks for the Defensive Investor – August 2016](#)

Other ModernGraham posts about related companies

- [Qualcomm Inc Valuation – March 2019 \\$QCOM](#)
- [Ametek Inc Valuation – March 2019 \\$AME](#)
- [Advanced Micro Devices Inc Valuation – February 2019 \\$AMD](#)
- [Qorvo Inc Valuation – February 2019 \\$QRVO](#)
- [FLIR Systems Inc Valuation – February 2019 \\$FLIR](#)
- [NetApp Inc Valuation – February 2019 \\$NTAP](#)
- [Applied Materials Inc Valuation – February 2019 \\$AMAT](#)
- [Microchip Technology Inc Valuation – February 2019 \\$MCHP](#)
- [Broadcom Inc Valuation – February 2019 \\$AVGO](#)
- [KLA-Tencor Corp Valuation – January 2019 \\$KLAC](#)