

# ModernGraham Valuation

Company Name:

Arista Networks Inc

Company Ticker ANET

Date of Analysis

4/5/2019



## 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	\$23,736,366,775	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	4.48	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	2711.11%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	58.38	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	11.81	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	4.48	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	\$5.36
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$206.51</b>
MG Value based on 3% Growth	\$77.78
MG Value based on 0% Growth	\$45.59
Market Implied Growth Rate	24.94%

### MG Opinion

Current Price	\$313.17
% of Intrinsic Value	151.65%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>C-</b>

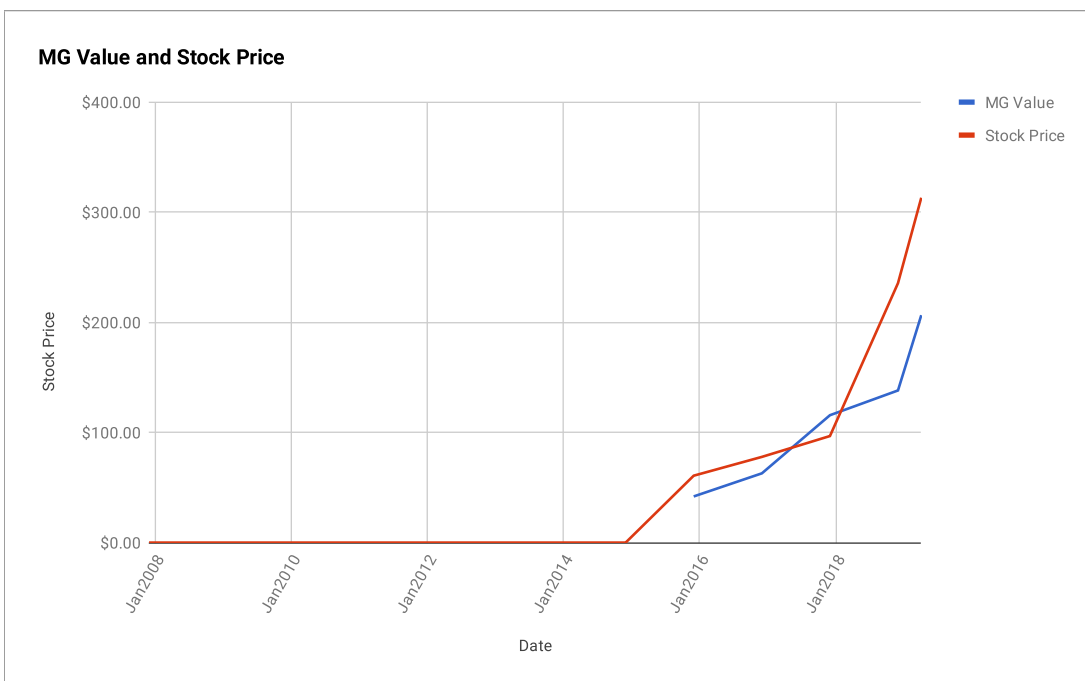
## Stage 3: Information for Further Research

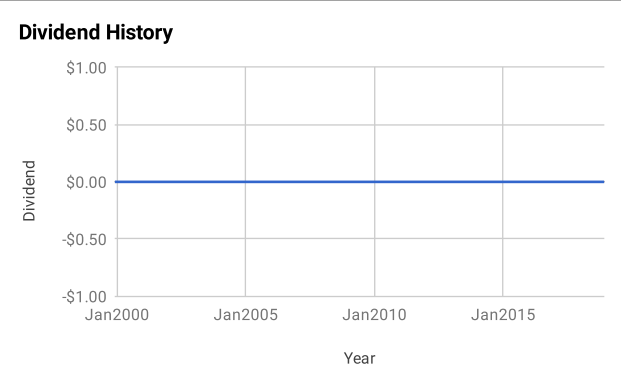
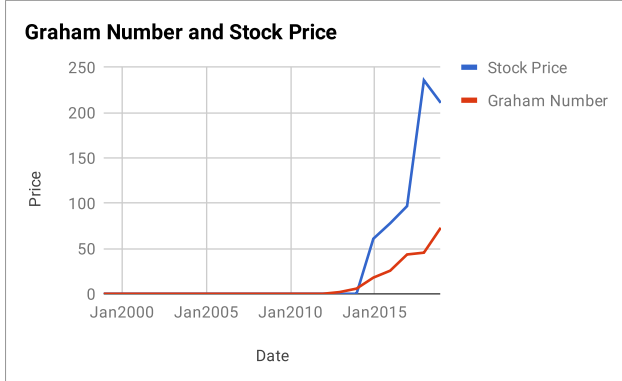
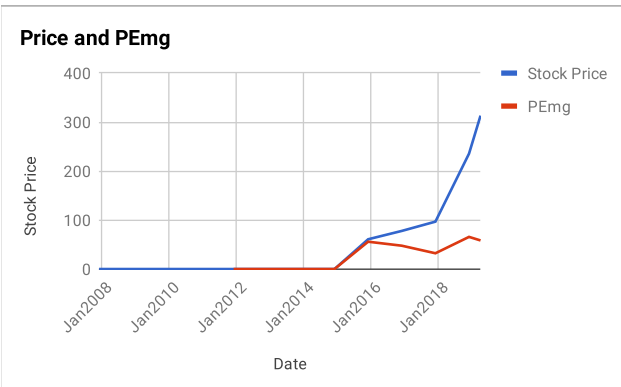
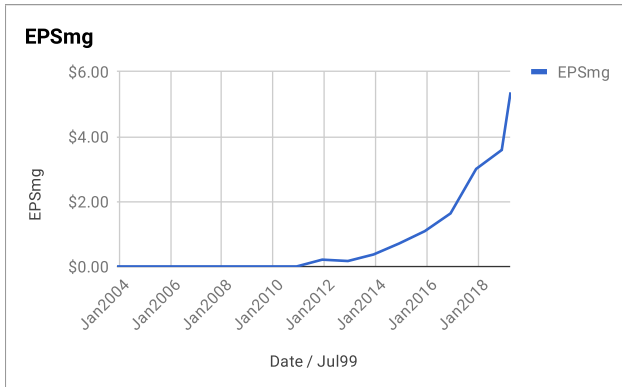
Net Current Asset Value (NCAV)	\$21.97
Graham Number	\$72.85
PEmg	58.38
Current Ratio	4.48
PB Ratio	11.81
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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<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	\$8.30	Next Fiscal Year Estimate	\$5.36
Dec2018	\$4.06	Dec2018	\$3.59
Dec2017	\$5.35	Dec2017	\$3.00
Dec2016	\$2.50	Dec2016	\$1.63
Dec2015	\$1.67	Dec2015	\$1.09
Dec2014	\$1.29	Dec2014	\$0.71
Dec2013	\$0.73	Dec2013	\$0.37
Dec2012	\$0.00	Dec2012	\$0.17
Dec2011	\$0.63	Dec2011	\$0.21
Dec2010	\$0.00	Dec2010	\$0.00
Dec2009	\$0.00	Dec2009	\$0.00
Dec2008	\$0.00	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	<b>Balance Sheet Information 12/1/2018</b>	
Dec2001	\$0.00	Total Current Assets	\$2,714,802,000
Dec2000	\$0.00	Total Current Liabilities	\$606,504,000
Dec1999	\$0.00	Long-Term Debt	\$0
		Total Assets	\$3,081,983,000
		Intangible Assets	\$112,294,000
		Total Liabilities	\$938,594,000
		Shares Outstanding (Diluted Average)	80,844,000





**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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- Other ModernGraham posts about related companies
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  - [Analog Devices Inc Valuation – March 2019 #ADI](#)
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