

ModernGraham Valuation

Company Name:

Company Ticker TXN

Date of Analysis

2/14/2017

Texas Instruments
Incorporated



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	\$75,842,694,948	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.29	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	88.10%	Pass
5. Earnings Growth	PEmg < 20	24.14	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	7.34	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	3.29	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.57	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	\$3.13
MG Growth Estimate	10.49%
MG Value	\$92.21
MG Value based on 3% Growth	\$45.37
MG Value based on 0% Growth	\$26.59
Market Implied Growth Rate	7.82%

MG Opinion

Current Price	\$75.52
% of Intrinsic Value	81.90%
Opinion	Fairly Valued
MG Grade	B-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$1.47
Graham Number	\$28.78
PEmg	24.14
Current Ratio	3.29
PB Ratio	7.34
Current Dividend	\$1.64
Dividend Yield	2.17%
Number of Consecutive Years of Dividend Growth	14

Useful Links:

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Google Finance	MSN Money
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GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.50	Next Fiscal Year Estimate	\$3.13
Dec2016	\$3.48	Dec2016	\$2.78
Dec2015	\$2.82	Dec2015	\$2.33
Dec2014	\$2.57	Dec2014	\$2.09
Dec2013	\$1.91	Dec2013	\$1.84
Dec2012	\$1.51	Dec2012	\$1.78
Dec2011	\$1.88	Dec2011	\$1.87
Dec2010	\$2.62	Dec2010	\$1.90
Dec2009	\$1.15	Dec2009	\$1.60
Dec2008	\$1.44	Dec2008	\$1.78
Dec2007	\$1.84	Dec2007	\$1.81
Dec2006	\$2.78	Dec2006	\$1.57
Dec2005	\$1.39	Dec2005	\$0.83
Dec2004	\$1.05	Dec2004	\$0.57
Dec2003	\$0.60	Dec2003	\$0.41
Dec2002	-\$0.20	Dec2002	\$0.37
Dec2001	-\$0.12	Dec2001	\$0.69
Dec2000	\$1.71	Balance Sheet Information 12/1/2016	
Dec1999	\$0.83	Total Current Assets	\$7,457,000,000
Dec1998	\$0.26	Total Current Liabilities	\$2,264,000,000
Dec1997	\$1.13	Long-Term Debt	\$2,978,000,000
		Total Assets	\$16,431,000,000
		Intangible Assets	\$5,678,000,000
		Total Liabilities	\$5,958,000,000
		Shares Outstanding (Diluted Average)	1,018,000,000

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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