

# ModernGraham Valuation

Company Name:

Analog Devices, Inc.

Company Ticker ADI

Date of Analysis

9/22/2015



## 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	\$17,405,811,017	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.92	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	21.06%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	23.77	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.49	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	3.92	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.16	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

### Suitability

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

## Stage 2: Determination of Intrinsic Value

EPSmg	\$2.33
MG Growth Estimate	1.03%
<b>MG Value</b>	<b>\$24.65</b>
MG Value based on 3% Growth	\$33.84
MG Value based on 0% Growth	\$19.84
Market Implied Growth Rate	7.64%

### MG Opinion

Current Price	\$55.49
% of Intrinsic Value	225.13%
<b>Opinion</b>	<b>Overvalued</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$6.54
Graham Number	\$31.44
PEmg	23.77
Current Ratio	3.92
PB Ratio	3.49
Dividend Yield	2.78%
Number of Consecutive Years of Dividend Growth	12

### 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	\$2.72	Next Fiscal Year Estimate	\$2.33
Oct14	\$1.98	Oct14	\$2.19
Oct13	\$2.14	Oct13	\$2.21
Oct12	\$2.13	Oct12	\$2.22
Oct11	\$2.81	Oct11	\$2.18
Oct10	\$2.33	Oct10	\$1.84
Oct09	\$0.85	Oct09	\$1.56
Oct08	\$2.67	Oct08	\$1.83
Oct07	\$1.50	Oct07	\$1.36
Oct06	\$1.48	Oct06	\$1.19
Oct05	\$1.08	Oct05	\$1.00
Oct04	\$1.45	Oct04	\$0.98
Oct03	\$0.78	Oct03	\$0.77
Oct02	\$0.28	Oct02	\$0.75
Oct01	\$0.93	Oct01	\$0.91
Oct00	\$1.59	Oct00	\$0.83
Oct99	\$0.55	Oct99	\$0.45
Oct98	\$0.25	<b>Balance Sheet Information</b>	<b>Jul15</b>
Oct97	\$0.52	Total Current Assets	\$4,149,892,000
Oct96	\$0.52	Total Current Liabilities	\$1,057,770,000
Oct95	\$0.38	Long-Term Debt	\$498,448,000
		Total Assets	\$7,134,701,000
		Intangible Assets	\$2,242,263,000
		Total Liabilities	\$2,069,540,000
		Shares Outstanding (Diluted Average)	318,187,000





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**

- Analog Devices Stock Analysis – June 2015 Update \$ADI
- 18 Companies in the Spotlight This Week – 3/21/15
- Analog Devices Inc. Quarterly Valuation – March 2015 \$ADI
- 27 Companies in the Spotlight This Week – 12/20/14
- Analog Devices Inc. Quarterly Valuation – December 2014 \$ADI

**Other ModernGraham posts about related companies**

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- <http://www.moderngraham.com/2015/09/14/texas-instruments-inc-analysis-september-2015-update-txn/>
- <http://www.moderngraham.com/2015/09/08/my-personal-holdings-apple-inc-september-2015-update-aapl/>
- <http://www.moderngraham.com/2015/09/04/the-best-stocks-of-the-it-hardware-industry-september-2015/>
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