

ModernGraham Valuation

Company Name:

KLA-Tencor Corp

Company Ticker

KLAC

Date of Analysis

9/2/2015



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	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	Pass
3. Earnings Stability	Positive EPS for 10 years prior	Fail
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	Pass
5. Earnings Growth	PEmg < 20	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	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	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	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

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.97
MG Growth Estimate	1.55%
MG Value	\$34.45
MG Value based on 3% Growth	\$43.04
MG Value based on 0% Growth	\$25.23
Market Implied Growth Rate	3.83%

MG Opinion

Current Price	\$47.96
% of Intrinsic Value	139.20%
Opinion	Overvalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$3.12
Graham Number	\$13.01
PEmg	16.16
Current Ratio	3.90
PB Ratio	18.21
Dividend Yield	4.17%
Number of Consecutive Years of Dividend Growth	6

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	\$2.86	Next Fiscal Year Estimate	\$2.97
Jun15	\$2.24	Jun15	\$3.22
Jun14	\$3.47	Jun14	\$3.60
Jun13	\$3.21	Jun13	\$3.15
Jun12	\$4.44	Jun12	\$2.69
Jun11	\$4.66	Jun11	\$1.70
Jun10	\$1.23	Jun10	\$0.45
Jun09	-\$3.07	Jun09	\$0.41
Jun08	\$1.95	Jun08	\$2.08
Jun07	\$2.61	Jun07	\$1.98
Jun06	\$1.86	Jun06	\$1.56
Jun05	\$2.21	Jun05	\$1.28
Jun04	\$1.05	Jun04	\$0.83
Jun03	\$0.48	Jun03	\$0.71
Jun02	\$1.10	Jun02	\$0.80
Jun01	\$0.34	Jun01	\$0.65
Jun00	\$1.32	Jun00	\$0.81
Jun99	\$0.21	Balance Sheet Information Jun15	
Jun98	\$0.76	Total Current Assets	\$3,904,576,000
Jun97	\$0.62	Total Current Liabilities	\$1,001,763,000
Jun96	\$1.17	Long-Term Debt	\$3,173,435,000
		Total Assets	\$4,826,012,000
		Intangible Assets	\$347,158,000
		Total Liabilities	\$4,404,573,000
		Shares Outstanding (Diluted Average)	160,014,000



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:

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company

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