

# ModernGraham Valuation

## Company Name:

Company Ticker TXN

Date of Analysis

9/14/2015

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	\$49,215,197,687	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.52	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	15.16%	Fail
6. Moderate PEmg Ratio	PEmg < 20	21.50	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.94	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	2.52	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.64	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	\$2.23
MG Growth Estimate	2.88%
<b>MG Value</b>	<b>\$31.81</b>
MG Value based on 3% Growth	\$32.34
MG Value based on 0% Growth	\$18.96
Market Implied Growth Rate	6.50%

### MG Opinion

Current Price	\$47.95
% of Intrinsic Value	150.74%
<b>Opinion</b>	<b>Overvalued</b>

## Stage 3: Information for Further Research

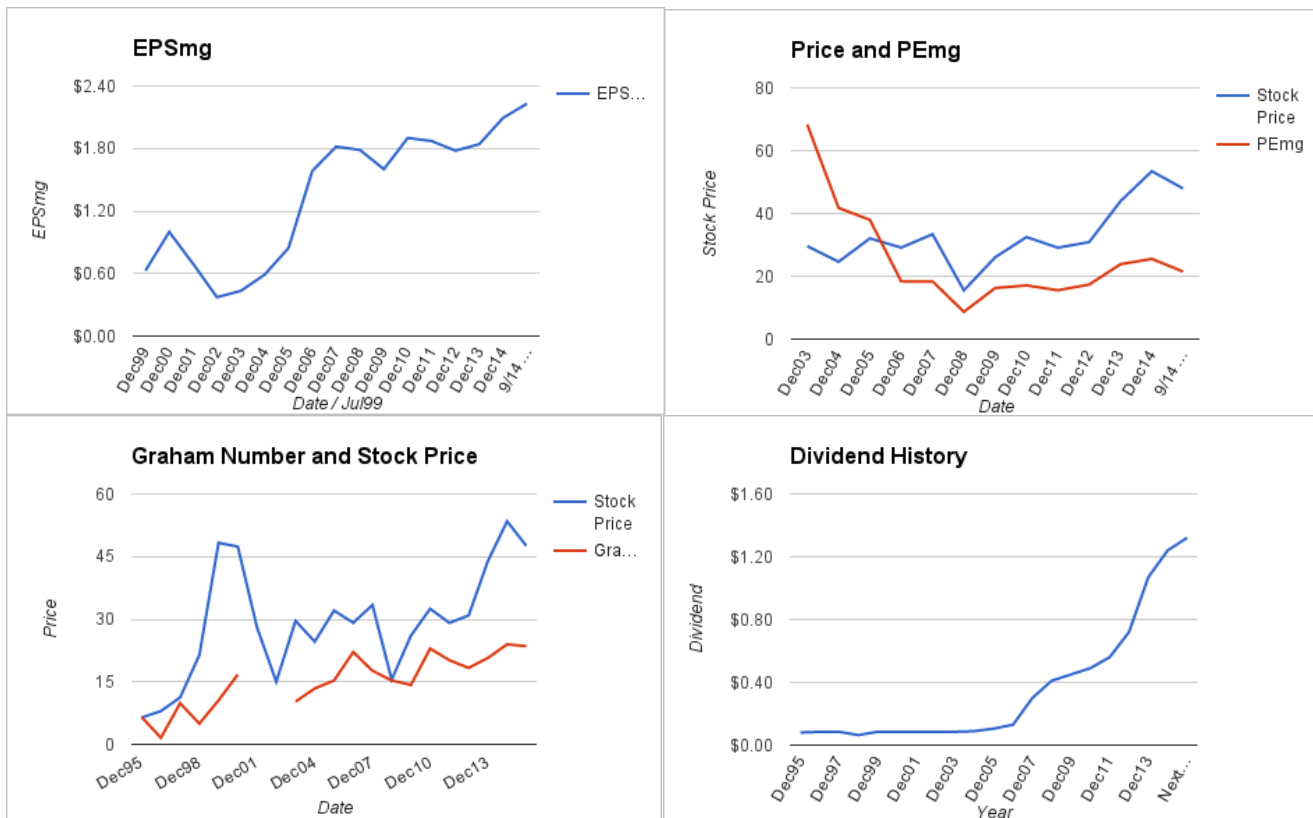
Net Current Asset Value (NCAV)	\$0.70
Graham Number	\$23.54
PEmg	21.50
Current Ratio	2.52
PB Ratio	4.94
Dividend Yield	2.75%
Number of Consecutive Years of Dividend Growth	12

### 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	\$2.51	Next Fiscal Year Estimate	\$2.23
Dec14	\$2.57	Dec14	\$2.09
Dec13	\$1.91	Dec13	\$1.84
Dec12	\$1.51	Dec12	\$1.78
Dec11	\$1.88	Dec11	\$1.87
Dec10	\$2.62	Dec10	\$1.90
Dec09	\$1.15	Dec09	\$1.60
Dec08	\$1.45	Dec08	\$1.79
Dec07	\$1.84	Dec07	\$1.82
Dec06	\$2.78	Dec06	\$1.58
Dec05	\$1.39	Dec05	\$0.84
Dec04	\$1.05	Dec04	\$0.59
Dec03	\$0.68	Dec03	\$0.43
Dec02	-\$0.20	Dec02	\$0.37
Dec01	-\$0.12	Dec01	\$0.69
Dec00	\$1.71	Dec00	\$1.00
Dec99	\$0.84	Dec99	\$0.63
Dec98	\$0.26	<b>Balance Sheet Information Jun15</b>	
Dec97	\$1.14	Total Current Assets	\$8,060,000,000
Dec96	\$0.04	Total Current Liabilities	\$3,193,000,000
Dec95	\$0.70	Long-Term Debt	\$3,134,000,000
		Total Assets	\$17,532,000,000
		Intangible Assets	\$6,167,000,000
		Total Liabilities	\$7,327,000,000
		Shares Outstanding (Diluted Average)	1,051,000,000





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.

### Recommended Reading:

**Other ModernGraham posts about the company**

- [Texas Instruments Analysis – June 2015 Update \\$TXN](#)
- [18 Companies in the Spotlight This Week – 3/15/15](#)
- [Texas Instruments Inc. Quarterly Valuation – March 2015 \\$TXN](#)
- [27 Companies in the Spotlight This Week – 12/20/14](#)
- [Texas Instruments Inc. Quarterly Valuation – December 2014 \\$TXN](#)

**Other ModernGraham posts about related companies**

- [My Personal Holdings: Apple Inc. – September 2015 Update \\$AAPL](#)
- [The Best Stocks of the IT Hardware Industry – September 2015](#)
- [Seagate Technology PLC Analysis – September 2015 Update \\$STX](#)
- [Microchip Technology Inc. Analysis – September 2015 Update \\$MCHP](#)
- [KLA-Tencor Corporation Analysis – September 2015 Update \\$KLAC](#)
- [Avago Technologies Ltd Analysis – Initial Coverage \\$AVGO](#)
- [Arrow Electronics Inc. Analysis – Initial Coverage \\$ARW](#)
- [TE Connectivity Limited Analysis – August 2015 Update \\$TEL](#)
- [Broadcom Corporation Analysis – August 2015 Update \\$BRCM](#)
- [SanDisk Corporation Analysis – August 2015 Update \\$SNDK](#)