

ModernGraham Valuation

Company Name:

Altera Corporation

Company Ticker ALTR

Date of Analysis

10/5/2015



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	\$15,162,921,040	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	4.57	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	35.76%	Pass
6. Moderate PEmg Ratio	PEmg < 20	35.64	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.60	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	4.57	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.67	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		Fail

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.41
MG Growth Estimate	-3.45%
MG Value	\$2.24
MG Value based on 3% Growth	\$20.40
MG Value based on 0% Growth	\$11.96
Market Implied Growth Rate	13.57%

MG Opinion

Current Price	\$50.13
% of Intrinsic Value	2236.06%
Opinion	Overvalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$1.33
Graham Number	\$15.95
PEmg	35.64
Current Ratio	4.57
PB Ratio	4.60
Dividend Yield	1.44%
Number of Consecutive Years of Dividend Growth	9

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	\$1.03	Next Fiscal Year Estimate	\$1.41
Dec14	\$1.52	Dec14	\$1.69
Dec13	\$1.36	Dec13	\$1.77
Dec12	\$1.72	Dec12	\$1.89
Dec11	\$2.35	Dec11	\$1.83
Dec10	\$2.49	Dec10	\$1.46
Dec09	\$0.84	Dec09	\$0.93
Dec08	\$1.18	Dec08	\$0.93
Dec07	\$0.82	Dec07	\$0.78
Dec06	\$0.88	Dec06	\$0.70
Dec05	\$0.74	Dec05	\$0.54
Dec04	\$0.72	Dec04	\$0.45
Dec03	\$0.39	Dec03	\$0.36
Dec02	\$0.22	Dec02	\$0.38
Dec01	-\$0.10	Dec01	\$0.47
Dec00	\$1.19	Dec00	\$0.68
Dec99	\$0.54	Dec99	\$0.41
Dec98	\$0.39	Balance Sheet Information Jun15	
Dec97	\$0.34	Total Current Assets	\$2,868,562,000
Dec96	\$0.29	Total Current Liabilities	\$628,206,000
Dec95	\$0.24	Long-Term Debt	\$1,493,406,000
		Total Assets	\$5,784,456,000
		Intangible Assets	\$141,741,000
		Total Liabilities	\$2,464,663,000
		Shares Outstanding (Diluted Average)	304,604,000





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

- [Altera Corporation Analysis – July 2015 Update \\$ALTR](#)
- [27 Companies in the Spotlight This Week – 4/4/15](#)
- [15 Companies in the Spotlight This Week – 12/27/14](#)
- [Altera Corporation Quarterly Valuation – December 2014 \\$ALTR](#)
- [17 Companies in the Spotlight This Week – 9/27/2014](#)

Other ModernGraham posts about related companies

- [Lam Research Corporation Analysis – October 2015 Update \\$LRCX](#)
- [Amphenol Corporation Analysis – October 2015 Update \\$APH](#)
- [NetApp Inc. Analysis – September 2015 Update \\$NTAP](#)
- [EMC Corporation Analysis – September 2015 Update \\$EMC](#)
- [Analog Devices Inc. Analysis – September 2015 Update \\$ADI](#)
- [Garmin Limited Analysis – September 2015 Update \\$GRMN](#)
- [Texas Instruments Inc Analysis – September 2015 Update \\$TXN](#)
- [My Personal Holdings: Apple Inc. – September 2015 Update \\$AAPL](#)
- [The Best Stocks of the IT Hardware Industry – September 2015](#)
- [The Best Stocks of the IT Hardware Industry – September 2015](#)