

ModernGraham Valuation

Company Name:

Company Ticker LLTC

Date of Analysis

10/13/2015

Linear Technology
Corporation



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	\$10,018,342,414	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	8.66	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	30.37%	Fail
6. Moderate PEmg Ratio	PEmg < 20	22.17	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	6.38	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	8.66	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	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	\$1.85
MG Growth Estimate	0.13%
MG Value	\$16.21
MG Value based on 3% Growth	\$26.83
MG Value based on 0% Growth	\$15.73
Market Implied Growth Rate	6.83%

MG Opinion

Current Price	\$41.01
% of Intrinsic Value	253.00%
Opinion	Overvalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$5.21
Graham Number	\$15.82
PEmg	22.17
Current Ratio	8.66
PB Ratio	6.38
Dividend Yield	2.78%
Number of Consecutive Years of Dividend Growth	20

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	\$1.69	Next Fiscal Year Estimate	\$1.85
Jun15	\$2.12	Jun15	\$1.95
Jun14	\$1.90	Jun14	\$1.87
Jun13	\$1.71	Jun13	\$1.82
Jun12	\$1.70	Jun12	\$1.83
Jun11	\$2.50	Jun11	\$1.83
Jun10	\$1.58	Jun10	\$1.49
Jun09	\$1.28	Jun09	\$1.44
Jun08	\$1.71	Jun08	\$1.47
Jun07	\$1.39	Jun07	\$1.29
Jun06	\$1.37	Jun06	\$1.17
Jun05	\$1.38	Jun05	\$1.05
Jun04	\$1.02	Jun04	\$0.89
Jun03	\$0.74	Jun03	\$0.82
Jun02	\$0.60	Jun02	\$0.84
Jun01	\$1.29	Jun01	\$0.89
Jun00	\$0.88	Jun00	\$0.66
Jun99	\$0.61	Balance Sheet Information Jun15	
Jun98	\$0.57	Total Current Assets	\$1,584,752,000
Jun97	\$0.43	Total Current Liabilities	\$182,918,000
Jun96	\$0.43	Long-Term Debt	\$0
		Total Assets	\$1,884,079,000
		Intangible Assets	\$11,585,000
		Total Liabilities	\$306,152,000
		Shares Outstanding (Diluted Average)	245,521,000





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

[Linear Technology Corporation Analysis – July 2015 Update \\$LLTC](#)
[27 Companies in the Spotlight This Week – 4/4/15](#)
[Linear Technology Corporation Quarterly Valuation – March 2015 \\$LLTC](#)
[Linear Technology Corporation Quarterly Valuation – December 2014 \\$LLTC](#)
[17 Companies in the Spotlight This Week – 9/27/2014](#)

Other
ModernGraham
posts about related
companies

[Altera Corporation Analysis – October 2015 Update \\$ALTR](#)
[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](#)