

ModernGraham Valuation

Company Name:

Company Ticker LRCX

Date of Analysis

10/1/2015

Lam Research 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	\$10,030,175,541	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.38	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	101.02%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	18.90	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.23	Pass

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	2.38	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.28	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	\$3.41
MG Growth Estimate	5.90%
MG Value	\$69.22
MG Value based on 3% Growth	\$49.43
MG Value based on 0% Growth	\$28.97
Market Implied Growth Rate	5.20%

MG Opinion

Current Price	\$64.43
% of Intrinsic Value	93.08%
Opinion	Fairly Valued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$11.38
Graham Number	\$57.50
PEmg	18.90
Current Ratio	2.38
PB Ratio	2.23
Dividend Yield	1.30%
Number of Consecutive Years of Dividend Growth	3

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	\$4.56	Next Fiscal Year Estimate	\$3.41
Jun15	\$3.70	Jun15	\$2.90
Jun14	\$3.62	Jun14	\$2.61
Jun13	\$0.66	Jun13	\$1.94
Jun12	\$1.35	Jun12	\$2.45
Jun11	\$5.79	Jun11	\$2.96
Jun10	\$2.71	Jun10	\$1.76
Jun09	-\$2.41	Jun09	\$1.54
Jun08	\$3.47	Jun08	\$3.24
Jun07	\$4.85	Jun07	\$2.74
Jun06	\$2.34	Jun06	\$1.40
Jun05	\$2.10	Jun05	\$0.78
Jun04	\$0.59	Jun04	\$0.19
Jun03	-\$0.06	Jun03	\$0.01
Jun02	-\$0.71	Jun02	-\$0.04
Jun01	\$0.39	Jun01	\$0.15
Jun00	\$1.53	Jun00	\$0.05
Jun99	-\$0.98	Balance Sheet Information Jun15	
Jun98	-\$1.27	Total Current Assets	\$6,270,849,000
Jun97	-\$0.37	Total Current Liabilities	\$2,631,361,000
Jun96	\$1.56	Long-Term Debt	\$1,001,382,000
		Total Assets	\$9,364,648,000
		Intangible Assets	\$2,115,649,000
		Total Liabilities	\$4,261,504,000
		Shares Outstanding (Diluted Average)	176,575,000





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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[Lam Research Corporation Quarterly Valuation – March 2015 \\$LRCX](#)
[27 Companies in the Spotlight This Week – 12/20/14](#)
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[Garmin Limited Analysis – September 2015 Update \\$GRMN](#)
[Texas Instruments Inc Analysis – September 2015 Update \\$TXN](#)
[My Personal Holdings: Apple Inc. – September 2015 Update \\$AAPL](#)
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