ModernGraham Valuation

Company Name:

Lam Research Corporation



Company Ticker Date of Analysis

10/1/2015

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.

LRCX

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
Dividend Record	Dividend Payments for 10 years prior Increase of 33% in EPS in past 10 years using 3 year averages at	Fail
5. Earnings Growth	beginning and end	101.02% Pass
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	g Financial Condition	Current Ratio > 1.5	2.38 Pass
2. Sufficiently Strong	g 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 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

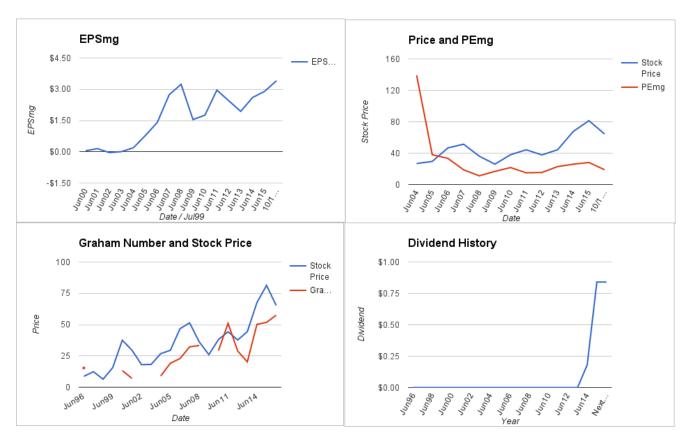
Net Current Asset Value (NCAV)	\$11.38
Graham Number	\$57.50
PEmg	18.90
Current Ratio	2.38
PB Ratio	2.23
Dividend Yield	1.30%
Number of Consecutive Years of Dividend Growth	3

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:

Other ModernGraham posts about the company Lam Research Corporation Analysis – June 2015 Update \$LRCX

Lam Research Corporation Quarterly Valuation – March 2015 \$LRCX

27 Companies in the Spotlight This Week - 12/20/14

Lam Research Corporation Quarterly Valuation – December 2014 \$LRCX

17 Companies in the Spotlight This Week – 9/20/2014

Other ModernGraham posts about related companies

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

Seagate Technology PLC Analysis – September 2015 Update \$STX

Microchip Technology Inc. Analysis – September 2015 Update \$MCHP

Seagate Technology PLC Analysis – September 2015 Update \$STX