ModernGraham Valuation

Company Name:

Applied Materials, Inc.



Company Ticker Date of Analysis AMAT 11/11/2015

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.

| Adequate Size of the Enterprise | Market Cap > \$2Bil | \$20,260,574,623 Pass |
|---|--|-----------------------|
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2 | 2.33 Pass |
| 3. Earnings Stability | Positive EPS for 10 years prior | Fail |
| 4. Dividend Record | Dividend Payments for 10 years prior | Pass |
| | Increase of 33% in EPS in past 10 years using 3 year averages at | |
| 5. Earnings Growth | beginning and end | -33.45% Fail |
| 6. Moderate PEmg Ratio | PEmg < 20 | 25.57 Fail |
| 7. Moderate Price to Assets | PB Ratio < 2.5 OR PB*PEmg < 50 | 2.60 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 | 2.33 Pass |
|--|--------------------------------|-----------|
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1 | 0.38 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 | \$0.66 |
|-----------------------------|--------|
| MG Growth Estimate | -2.60% |
| MG Value | \$2.18 |
| MG Value based on 3% Growth | \$9.56 |
| MG Value based on 0% Growth | \$5.60 |
| Market Implied Growth Rate | 8.54% |

MG Opinion

| Oninian | Overvalued | |
|----------------------|------------|---------|
| % of Intrinsic Value | | 773.09% |
| Current Price | | \$16.86 |

Opinion Overvalued

Stage 3: Information for Further Research

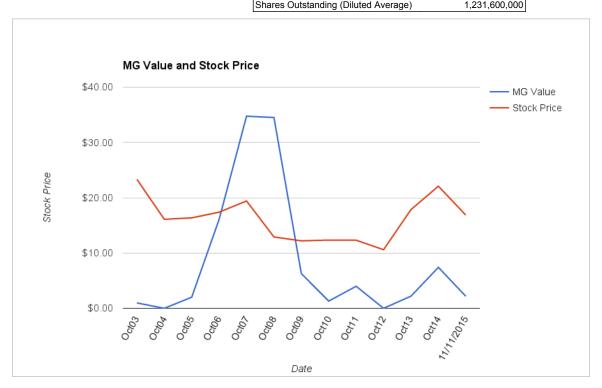
| Net Current Asset Value (NCAV) | \$1.52 |
|--|---------|
| Graham Number | \$11.00 |
| PEmg | 25.57 |
| Current Ratio | 2.33 |
| PB Ratio | 2.60 |
| Dividend Yield | 2.37% |
| Number of Consecutive Years of Dividend Growth | 6 |

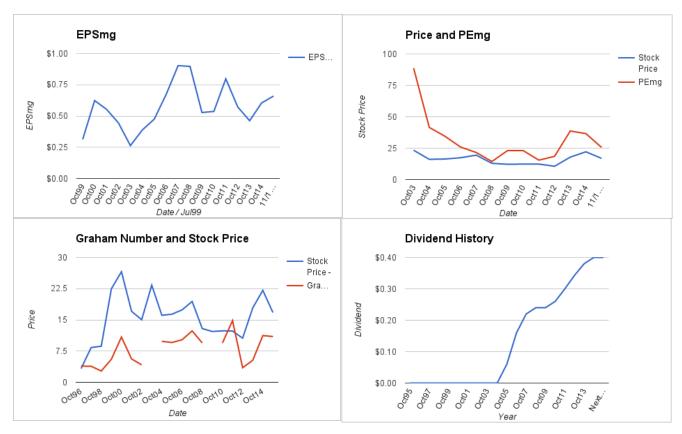
Morningstar

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| EPS History | | EPSmg History | , |
|------------------------------|---------|--------------------------------------|----------------|
| Next Fiscal Year Estimate | \$0.83 | Next Fiscal Year Estimate | \$0. |
| Oct14 | \$0.87 | Oct14 | \$0. |
| Oct13 | \$0.21 | Oct13 | \$0. |
| Oct12 | \$0.09 | Oct12 | \$0. |
| Oct11 | \$1.45 | Oct11 | \$0. |
| Oct10 | \$0.70 | Oct10 | \$0. |
| Oct09 | -\$0.23 | Oct09 | \$0. |
| Oct08 | \$0.70 | Oct08 | \$0. |
| Oct07 | \$1.20 | Oct07 | \$0. |
| Oct06 | \$0.97 | Oct06 | \$0. |
| Oct05 | \$0.73 | Oct05 | \$0. |
| Oct04 | \$0.78 | Oct04 | \$0. |
| Oct03 | -\$0.09 | Oct03 | \$0. |
| Oct02 | \$0.16 | Oct02 | \$0. |
| Oct01 | \$0.30 | Oct01 | \$0. |
| Oct00 | \$1.20 | Oct00 | \$0. |
| Oct99 | \$0.46 | Oct99 | \$0. |
| Oct98 | \$0.15 | Balance Sheet Information | Jul15 |
| Oct97 | \$0.33 | Total Current Assets | \$7,043,000,0 |
| Oct96 | \$0.41 | Total Current Liabilities | \$3,020,000,0 |
| Oct95 | \$0.00 | Long-Term Debt | \$1,547,000,0 |
| | | Total Assets | \$13,153,000,0 |
| | | Intangible Assets | \$4,115,000,0 |
| | | Total Liabilities | \$5,176,000,0 |
| | | Shares Outstanding (Diluted Average) | 1.231.600.0 |





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 Applied Materials Inc. Analysis – August 2015 Update \$AMAT

47 Companies in the Spotlight This Week -5/16/15

Applied Materials Inc. Quarterly Valuation – May 2015 \$AMAT

 $\underline{\bf 58}$ Companies in the Spotlight This Week – 1/31/15

Applied Materials Inc. Quarterly Valuation - January 2015 \$AMAT

Other ModernGraham posts about related companies Micron Technology Inc. Valuation – November 2015 Update \$MU

Xilinx Inc. Valuation – November 2015 Update \$XLNX

Ametek Inc. Valuation - November 2015 Update \$AME

Skyworks Solutions Inc. Valuation – October 2015 Update \$SWKS

Agilent Technologies Inc. Valuation – October 2015 Update \$A

Western Digital Corporation Valuation – October 2015 Update \$WDC

MTS Systems Corporation Valuation – October 2015 Update \$MTSC

Linear Technology Corp Valuation – October 2015 Update \$LLTC

Altera Corporation Analysis – October 2015 Update \$ALTR

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