ModernGraham Valuation

Company Name:

Broadcom Corporation



Company Ticker Date of Analysis

11/25/2015

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.

BRCM

1. A	dequate Size of the Enterprise	Market Cap > \$2Bil	\$32,910,428,436 Pass
2. S	ufficiently Strong Financial Condition	Current Ratio > 2	3.60 Pass
3. E	arnings Stability	Positive EPS for 10 years prior	Pass
4. D	ividend Record	Dividend Payments for 10 years prior	Fail
		Increase of 33% in EPS in past 10	

5. Earnings Growth beginning and end 188.03% Pass
6. Moderate PEmg Ratio PEmg < 20 36.75 Fail
7. Moderate Price to Assets PB Ratio < 2.5 OR PB*PEmg < 50 3.35 Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

Sufficiently Strong Financial Condition	Current Ratio > 1.5	3.60 Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.43 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	\$1.47
MG Growth Estimate	3.60%
MG Value	\$23.09
MG Value based on 3% Growth	\$21.32
MG Value based on 0% Growth	\$12.50
Market Implied Growth Rate	14.13%

MG Opinion

 Current Price
 \$54.05

 % of Intrinsic Value
 234.08%

Opinion Overvalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$3.01
Graham Number	\$29.01
PEmg	36.75
Current Ratio	3.60
PB Ratio	3.35
Dividend Yield	1.00%
Number of Consecutive Years of Dividend Growth	6

Useful Links: ModernGraham tagged articles Morningstar

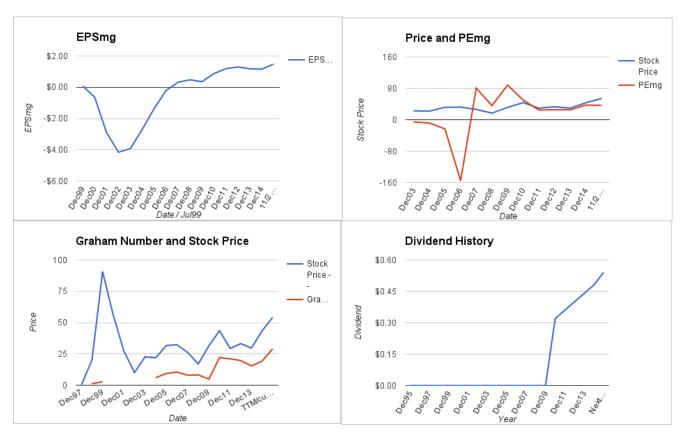
 Google Finance
 MSN Money

 Yahoo Finance
 Seeking Alpha

 GuruFocus
 SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.28	Next Fiscal Year Estimate	\$1.47
Dec14	\$1.08	Dec14	\$1.16
Dec13	\$0.73	Dec13	\$1.18
Dec12	\$1.25	Dec12	\$1.30
Dec11	\$1.65	Dec11	\$1.19
Dec10	\$1.99	Dec10	\$0.87
Dec09	\$0.13	Dec09	\$0.36
Dec08	\$0.41	Dec08	\$0.47
Dec07	\$0.37	Dec07	\$0.32
Dec06	\$0.64	Dec06	-\$0.21
Dec05	\$0.66	Dec05	-\$1.35
Dec04	\$0.33	Dec04	-\$2.69
Dec03	-\$2.19	Dec03	-\$3.92
Dec02	-\$5.57	Dec02	-\$4.16
Dec01	-\$7.19	Dec01	-\$2.90
Dec00	-\$2.09	Dec00	-\$0.63
Dec99	\$0.21	Dec99	\$0.08
Dec98	\$0.08	Balance Sheet Information	Sep15
Dec97	-\$0.03	Total Current Assets	\$5,113,000,000
Dec96	\$0.00	Total Current Liabilities	\$1,421,000,000
Dec95	\$0.00	Long-Term Debt	\$1,594,000,000
		Total Assets	\$13,235,000,000
		Intangible Assets	\$4,127,000,000
		Total Liabilities	\$3,246,000,000
		Shares Outstanding (Diluted Average)	620.000.000





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 Broadcom Corporation Analysis – August 2015 Update \$BRCM Broadcom Corporation Quarterly Valuation – May 2015 \$BRCM

28 Companies in the Spotlight This Week - 2/28/15

Broadcom Corporation Quarterly Valuation – February 2015 \$BRCM

22 Companies in the Spotlight This Week – 11/29/14

Other ModernGraham posts about related companies

Corning Inc Valuation – November 2015 Update \$GLW

Intel Corp Valuation – November 2015 Update \$INTC

 ${\color{red}{\sf FLIR} \ Systems \ Inc. \ Valuation - November \ 2015 \ Update \ \$FLIR}$

NVIDIA Corporation Valuation – November 2015 Update \$NVDA

FMC Technologies Inc. Valuation – November 2015 Update \$FTI

Applied Materials Inc Valuation – November 2015 Update \$AMAT

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