

ModernGraham Valuation

Company Name:

Company Ticker BRCM

Date of Analysis

11/25/2015

Broadcom
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	\$32,910,428,436	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.60	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at 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.

1. 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:

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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](#)

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[Intel Corp Valuation – November 2015 Update \\$INTC](#)
[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](#)