ModernGraham Valuation

Company Name:

KLA-Tencor Corp

Company Ticker KLAC
Date of Analysis

1/6/2016



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	\$10,710,001,952 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	4.02 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	493.29% Pass
6. Moderate PEmg Ratio	PEmg < 20	21.64 Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	35.51 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	4.02 Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.14 Fail
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	\$3.06
MG Growth Estimate	2.06%
MG Value	\$38.60
MG Value based on 3% Growth	\$44.35
MG Value based on 0% Growth	\$26.00
Market Implied Growth Rate	6.57%

MG Opinion

Current Price\$66.19% of Intrinsic Value171.48%

Opinion Overvalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$3.81
Graham Number	\$11.54
PEmg	21.64
Current Ratio	4.02
PB Ratio	35.51
Dividend Yield	3.05%
Number of Consecutive Years of Dividend Growth	6

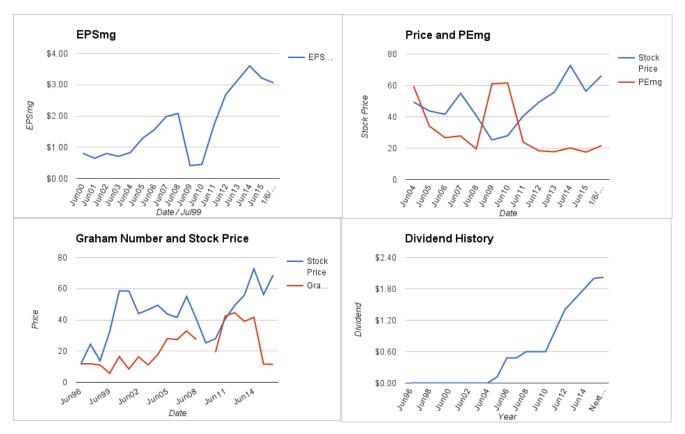
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EPS History		EPSmg History		
Next Fiscal Year Estimate	\$3.13	Next Fiscal Year Estimate		\$3.06
Jun15	\$2.24	Jun15		\$3.22
Jun14	\$3.47	Jun14		\$3.60
Jun13	\$3.21	Jun13		\$3.15
Jun12	\$4.44	Jun12		\$2.69
Jun11	\$4.66	Jun11		\$1.70
Jun10	\$1.23	Jun10		\$0.45
Jun09	-\$3.07	Jun09		\$0.41
Jun08	\$1.95	Jun08		\$2.08
Jun07	\$2.61	Jun07		\$1.98
Jun06	\$1.86	Jun06		\$1.56
Jun05	\$2.21	Jun05		\$1.28
Jun04	\$1.05	Jun04		\$0.83
Jun03	\$0.48	Jun03		\$0.71
Jun02	\$1.10	Jun02		\$0.80
Jun01	\$0.34	Jun01		\$0.65
Jun00	\$1.32	Jun00		\$0.81
Jun99	\$0.21	Balance Sheet Information	Sep15	
Jun98	\$0.76	Total Current Assets		\$3,675,418,000
Jun97	\$0.62	Total Current Liabilities		\$915,241,000
Jun96	\$1.17	Long-Term Debt		\$3,151,046,000
		Total Assets		\$4,571,323,000
		Intangible Assets		\$343,460,000
		Total Liabilities		\$4,276,882,000
		Shares Outstanding (Diluted Average)		157,984,000





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 KLA-Tencor Corporation Analysis – September 2015 Update \$KLAC

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 $\underline{\textbf{5} \ \textbf{Undervalued Companies for Enterprising Investors With High Dividend Yields} - \textbf{July 2015}}$

 $\underline{\textbf{5} \ \textbf{Undervalued Companies for Enterprising Investors With High Dividend Yields-June 2015}}$

5 Undervalued Companies for Enterprising Investors Near 52 Week Lows – June 2015

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