

ModernGraham Valuation

Company Name:

Company Ticker LRCX

Date of Analysis

Lam Research
Corporation

1/4/2016



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.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$12,707,042,885	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.86	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	115.23%	Pass
6. Moderate PEmg Ratio	PEmg < 20	21.07	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.53	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	2.86	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.33	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	\$3.69
MG Growth Estimate	7.62%
MG Value	\$87.57
MG Value based on 3% Growth	\$53.49
MG Value based on 0% Growth	\$31.35
Market Implied Growth Rate	6.29%

MG Opinion

Current Price	\$77.73
% of Intrinsic Value	88.76%
Opinion	Fairly Valued

Stage 3: Information for Further Research

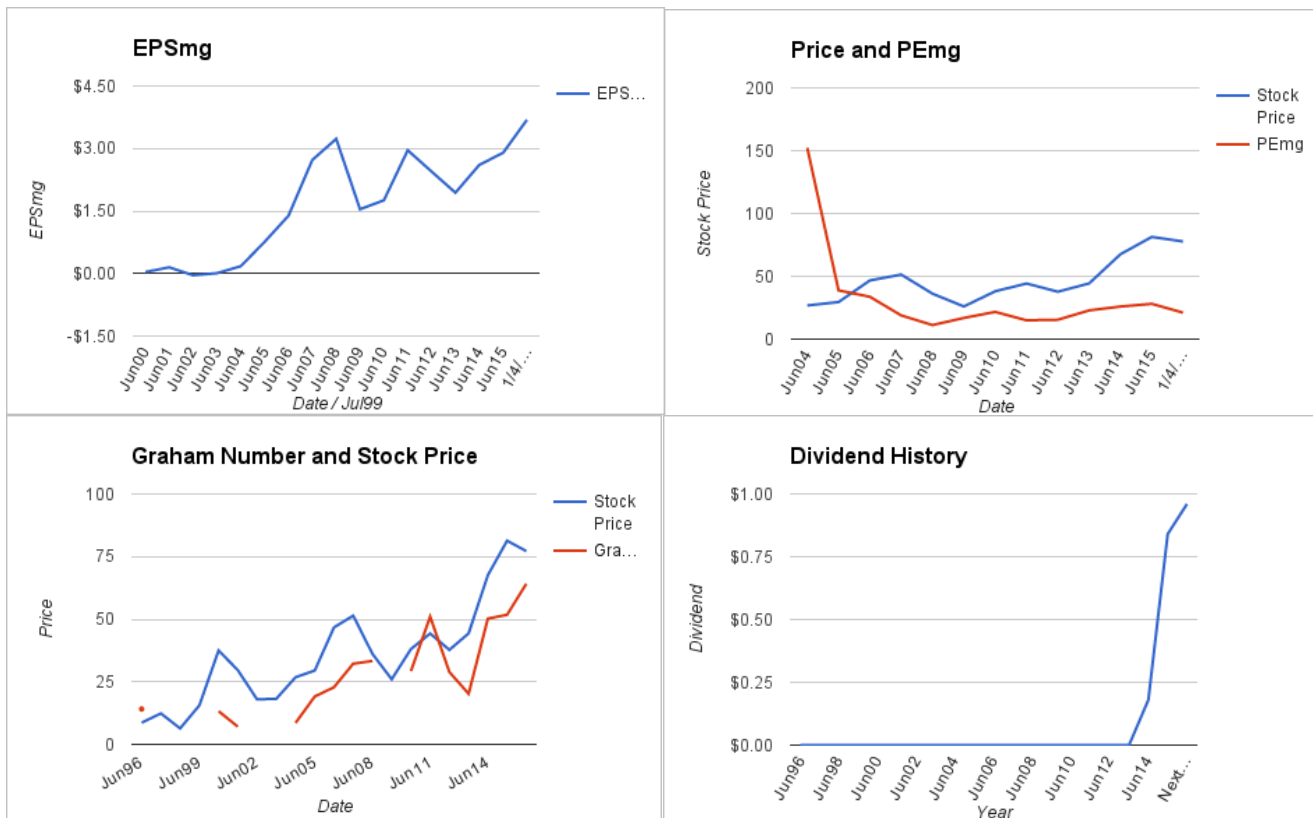
Net Current Asset Value (NCAV)	\$13.07
Graham Number	\$64.17
PEmg	21.07
Current Ratio	2.86
PB Ratio	2.53
Dividend Yield	1.24%
Number of Consecutive Years of Dividend Growth	3

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	\$5.40	Next Fiscal Year Estimate	\$3.69
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	\$3.23
Jun07	\$4.85	Jun07	\$2.72
Jun06	\$2.33	Jun06	\$1.39
Jun05	\$2.09	Jun05	\$0.76
Jun04	\$0.54	Jun04	\$0.18
Jun03	-\$0.06	Jun03	\$0.01
Jun02	-\$0.71	Jun02	-\$0.04
Jun01	\$0.39	Jun01	\$0.15
Jun00	\$1.53	Jun00	\$0.04
Jun99	-\$0.98	Balance Sheet Information	Sep15
Jun98	-\$1.27	Total Current Assets	\$6,515,981,000
Jun97	-\$0.37	Total Current Liabilities	\$2,281,941,000
Jun96	\$1.32	Long-Term Debt	\$1,400,615,000
		Total Assets	\$9,594,431,000
		Intangible Assets	\$2,076,164,000
		Total Liabilities	\$4,236,276,000
		Shares Outstanding (Diluted Average)	174,374,000





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

- [13 Best Stocks For Value Investors This Week – 10/3/15](#)
- [Lam Research Corporation Analysis – October 2015 Update \\$LRCX](#)
- [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](#)

Other ModernGraham posts about related companies

- [Arrow Electronics Inc Valuation – December 2015 Update \\$ARW](#)
- [TE Connectivity Ltd Valuation – December 2015 Update \\$TEL](#)
- [Broadcom Corp Valuation – November 2015 Update \\$BRCM](#)
- [SanDisk Corp Valuation – November 2015 Update \\$SNDK](#)
- [Corning Inc Valuation – November 2015 Update \\$GLW](#)
- [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](#)