

# ModernGraham Valuation

Company Name:

Analog Devices, Inc.

Company Ticker ADI

Date of Analysis

2/15/2016



## 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	\$15,681,432,322	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.66	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	32.07%	Fail
6. Moderate PEmg Ratio	PEmg < 20	22.29	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.10	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	3.66	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.17	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

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$2.23
MG Growth Estimate	0.07%
<b>MG Value</b>	<b>\$19.23</b>
MG Value based on 3% Growth	\$32.29
MG Value based on 0% Growth	\$18.93
Market Implied Growth Rate	6.90%

### MG Opinion

Current Price	\$49.64
% of Intrinsic Value	258.16%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>C</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$6.60
Graham Number	\$29.94
PEmg	22.29
Current Ratio	3.66
PB Ratio	3.10
Dividend Yield	3.16%
Number of Consecutive Years of Dividend Growth	13

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.45	Next Fiscal Year Estimate	\$2.23
Oct2015	\$2.20	Oct2015	\$2.16
Oct2014	\$1.98	Oct2014	\$2.19
Oct2013	\$2.14	Oct2013	\$2.21
Oct2012	\$2.13	Oct2012	\$2.22
Oct2011	\$2.81	Oct2011	\$2.18
Oct2010	\$2.33	Oct2010	\$1.84
Oct2009	\$0.85	Oct2009	\$1.56
Oct2008	\$2.67	Oct2008	\$1.83
Oct2007	\$1.50	Oct2007	\$1.36
Oct2006	\$1.48	Oct2006	\$1.19
Oct2005	\$1.08	Oct2005	\$1.00
Oct2004	\$1.45	Oct2004	\$0.98
Oct2003	\$0.78	Oct2003	\$0.77
Oct2002	\$0.28	Oct2002	\$0.76
Oct2001	\$0.93	Oct2001	\$0.93
Oct2000	\$1.59	Oct2000	\$0.85
Oct1999	\$0.55	<div><div>Balance Sheet Information</div><div>Oct2015</div></div>	
Oct1998	\$0.36	Total Current Assets	\$4,079,548,000
Oct1997	\$0.52	Total Current Liabilities	\$1,113,830,000
Oct1996	\$0.52	Long-Term Debt	\$498,497,000
		Total Assets	\$7,062,178,000
		Intangible Assets	\$2,220,043,000
		Total Liabilities	\$1,989,219,000
		Shares Outstanding (Diluted Average)	316,872,000





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  
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[Analog Devices Stock Analysis – June 2015 Update \\$ADI](#)  
[18 Companies in the Spotlight This Week – 3/21/15](#)  
[Analog Devices Inc. Quarterly Valuation – March 2015 \\$ADI](#)  
[27 Companies in the Spotlight This Week – 12/20/14](#)

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[Agilent Technologies Inc Valuation – February 2016](#)  
[Western Digital Corp Valuation – February 2016](#)  
[Xilinx Inc Valuation – February 2016 \\$XLNX](#)  
[Texas Instruments Inc Valuation – February 2016 \\$TXN](#)  
[Apple Inc Valuation – February 2016 \\$AAPL](#)  
[Ametek Inc Valuation – February 2016 Update \\$AME](#)  
[MTS Systems Corp Valuation – February 2016 Update \\$MTSC](#)  
[Linear Technology Corp Valuation – January 2016 Update \\$LLTC](#)  
[Seagate Technology PLC Valuation – January 2016 Update \\$STX](#)