

# ModernGraham Valuation

## Company Name:

Company Ticker LRCX

Date of Analysis

6/27/2016

Lam Research  
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	\$12,044,160,609	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.96	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	115.06%	Pass
6. Moderate PEmg Ratio	PEmg < 20	21.70	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.45	Pass

*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	2.96	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.31	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	\$3.69
MG Growth Estimate	7.60%
<b>MG Value</b>	<b>\$87.34</b>
MG Value based on 3% Growth	\$53.44
MG Value based on 0% Growth	\$31.33
Market Implied Growth Rate	6.60%

### MG Opinion

Current Price	\$79.96
% of Intrinsic Value	91.55%
<b>Opinion</b>	<b>Fairly Valued</b>
<b>MG Grade</b>	<b>C</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$14.97
Graham Number	\$65.83
PEmg	21.70
Current Ratio	2.96
PB Ratio	2.45
Current Dividend	\$1.20
Dividend Yield	1.50%
Number of Consecutive Years of Dividend Growth	3

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$5.39	Next Fiscal Year Estimate	\$3.69
Jun2015	\$3.70	Jun2015	\$2.90
Jun2014	\$3.62	Jun2014	\$2.61
Jun2013	\$0.66	Jun2013	\$1.94
Jun2012	\$1.35	Jun2012	\$2.45
Jun2011	\$5.79	Jun2011	\$2.96
Jun2010	\$2.71	Jun2010	\$1.76
Jun2009	-\$2.41	Jun2009	\$1.54
Jun2008	\$3.47	Jun2008	\$3.24
Jun2007	\$4.85	Jun2007	\$2.74
Jun2006	\$2.34	Jun2006	\$1.40
Jun2005	\$2.10	Jun2005	\$0.78
Jun2004	\$0.59	Jun2004	\$0.19
Jun2003	-\$0.06	Jun2003	\$0.01
Jun2002	-\$0.71	Jun2002	-\$0.04
Jun2001	\$0.39	Jun2001	\$0.15
Jun2000	\$1.53	Jun2000	\$0.05
Jun1999	-\$0.98	<b>Balance Sheet Information 3/1/2016</b>	
Jun1998	-\$1.27	Total Current Assets	\$6,941,565,000
Jun1997	-\$0.37	Total Current Liabilities	\$2,342,186,000
Jun1996	\$1.56	Long-Term Debt	\$1,407,250,000
		Total Assets	\$10,024,262,000
		Intangible Assets	\$1,999,338,000
		Total Liabilities	\$4,331,923,000
		Shares Outstanding (Diluted Average)	174,373,000





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

- [19 Best Stocks For Value Investors This Week – 1/9/16](#)
- [Lam Research Corp Valuation – January 2016 Update \\$LRCX](#)
- [13 Best Stocks For Value Investors This Week – 10/3/15](#)
- [Lam Research Corporation Analysis – October 2015 Update \\$LRCX](#)
- [Lam Research Corporation Analysis – October 2015 Update \\$LRCX](#)

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- [Intel Corporation Valuation – May 2016 \\$INTC](#)
- [HP Inc Valuation – May 2016 \\$HPQ](#)
- [FLIR Systems Inc Valuation – May 2016 \\$FLIR](#)
- [NetApp Inc Valuation – March 2016 \\$NTAP](#)
- [Applied Materials Inc Valuation – February 2016 \\$AMAT](#)
- [Skyworks Solutions Inc Stock Valuation – February 2016 \\$SWKS](#)
- [Analog Devices Inc Stock Valuation – February 2016 \\$ADI](#)