

ModernGraham Valuation

Company Name:

Broadcom Ltd

Company Ticker AVGO

Date of Analysis

7/28/2016



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	\$65,838,312,108	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.52	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-1842.86%	Fail
5. Earnings Growth	PEmg < 20	50.69	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	3.46	Fail
7. Moderate Price to Assets			

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	2.52	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	3.63	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	\$3.24
MG Growth Estimate	14.09%
MG Value	\$118.84
MG Value based on 3% Growth	\$46.98
MG Value based on 0% Growth	\$27.54
Market Implied Growth Rate	21.09%

MG Opinion

Current Price	\$164.23
% of Intrinsic Value	138.19%
Opinion	Overvalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$60.28
Graham Number	\$66.34
PEmg	50.69
Current Ratio	2.52
PB Ratio	3.46
Current Dividend	\$1.75
Dividend Yield	1.07%
Number of Consecutive Years of Dividend Growth	6

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.92	Next Fiscal Year Estimate	\$3.24
Oct2015	\$4.85	Oct2015	\$2.76
Oct2014	\$0.99	Oct2014	\$1.77
Oct2013	\$2.19	Oct2013	\$1.98
Oct2012	\$2.25	Oct2012	\$1.67
Oct2011	\$2.19	Oct2011	\$1.14
Oct2010	\$1.69	Oct2010	\$0.49
Oct2009	-\$0.20	Oct2009	-\$0.11
Oct2008	\$0.38	Oct2008	-\$0.07
Oct2007	-\$0.74	Oct2007	-\$0.25
Dec2006	\$0.00	Dec2006	\$0.00
Dec2005	\$0.00	Dec2005	\$0.00
Dec2004	\$0.00	Dec2004	\$0.00
Dec2003	\$0.00	Dec2003	\$0.00
Dec2002	\$0.00	Dec2002	\$0.00
Dec2001	\$0.00	Dec2001	\$0.00
Dec2000	\$0.00	Dec2000	\$0.00
Dec1999	\$0.00	Balance Sheet Information 4/1/2016	
Dec1998	\$0.00	Total Current Assets	\$6,687,000,000
Dec1997	\$0.00	Total Current Liabilities	\$2,651,000,000
Dec1996	\$0.00	Long-Term Debt	\$14,664,000,000
		Total Assets	\$51,407,000,000
		Intangible Assets	\$41,720,000,000
		Total Liabilities	\$31,705,000,000
		Shares Outstanding (Diluted Average)	415,000,000





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.

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