

# ModernGraham Valuation

Company Name:

KLA-Tencor Corp

Company Ticker

KLAC

Date of Analysis

7/13/2016



## 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	\$11,926,640,811	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.92	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	561.74%	Pass
6. Moderate PEmg Ratio	PEmg < 20	22.25	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	24.82	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	3.92	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.06	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	\$3.40
MG Growth Estimate	3.96%
<b>MG Value</b>	<b>\$55.78</b>
MG Value based on 3% Growth	\$49.28
MG Value based on 0% Growth	\$28.89
Market Implied Growth Rate	6.87%

### MG Opinion

Current Price	\$75.62
% of Intrinsic Value	135.56%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>C</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$2.55
Graham Number	\$16.91
PEmg	22.25
Current Ratio	3.92
PB Ratio	24.82
Current Dividend	\$2.06
Dividend Yield	2.72%
Number of Consecutive Years of Dividend Growth	6

**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	\$4.15	Next Fiscal Year Estimate	\$3.40
Jun2015	\$2.24	Jun2015	\$3.22
Jun2014	\$3.47	Jun2014	\$3.60
Jun2013	\$3.21	Jun2013	\$3.15
Jun2012	\$4.44	Jun2012	\$2.69
Jun2011	\$4.66	Jun2011	\$1.70
Jun2010	\$1.23	Jun2010	\$0.45
Jun2009	-\$3.07	Jun2009	\$0.42
Jun2008	\$1.95	Jun2008	\$2.11
Jun2007	\$2.61	Jun2007	\$2.04
Jun2006	\$1.86	Jun2006	\$1.65
Jun2005	\$2.32	Jun2005	\$1.41
Jun2004	\$1.21	Jun2004	\$0.94
Jun2003	\$0.70	Jun2003	\$0.79
Jun2002	\$1.10	Jun2002	\$0.80
Jun2001	\$0.34	Jun2001	\$0.65
Jun2000	\$1.32	Jun2000	\$0.81
Jun1999	\$0.22	<b>Balance Sheet Information 3/1/2016</b>	
Jun1998	\$0.76	Total Current Assets	\$3,906,473,000
Jun1997	\$0.62	Total Current Liabilities	\$997,692,000
Jun1996	\$1.16	Long-Term Debt	\$3,097,306,000
		Total Assets	\$4,782,102,000
		Intangible Assets	\$340,830,000
		Total Liabilities	\$4,305,530,000
		Shares Outstanding (Diluted Average)	156,429,000





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 Corp Valuation – January 2016 Update \\$KLAC](#)

[KLA-Tencor Corporation Analysis – September 2015 Update \\$KLAC](#)

[10 Undervalued Companies for the Enterprising Dividend Stock Investor – August 2015](#)

[5 Undervalued Companies for Enterprising Investors With High Dividend Yields – July 2015](#)

[5 Undervalued Companies for Enterprising Investors With High Dividend Yields – June 2015](#)

Other  
ModernGraham  
posts about related  
companies

[Linear Technology Corp Valuation – July 2016 \\$LLTC](#)

[Arrow Electronics Inc Valuation – July 2016 \\$ARW](#)

[Lam Research Corp Valuation – June 2016 \\$LRCX](#)

[TE Connectivity Ltd Valuation – June 2016 \\$TEL](#)

[Juniper Networks Inc Valuation – June 2016 \\$JNPR](#)

[Nvidia Corporation Valuation – June 2016 \\$NVDA](#)

[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](#)