ModernGraham Valuation

Company Name:

Company Ticker KLAC Date of Analysis KLA-Tencor Corp



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 Cond	dition 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 tes	ts, 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

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

	EPSmg		\$3.40
	MG Growth Estimate		3.96%
	MG Value		\$55.78
	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%
	Opinion	Overvalued	
	MG Grade	C	

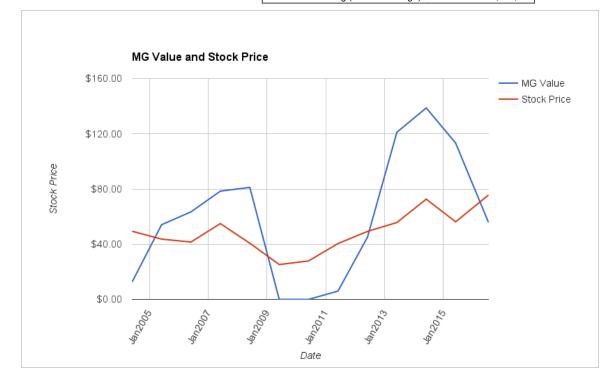
Stage 3: Information for Further Research

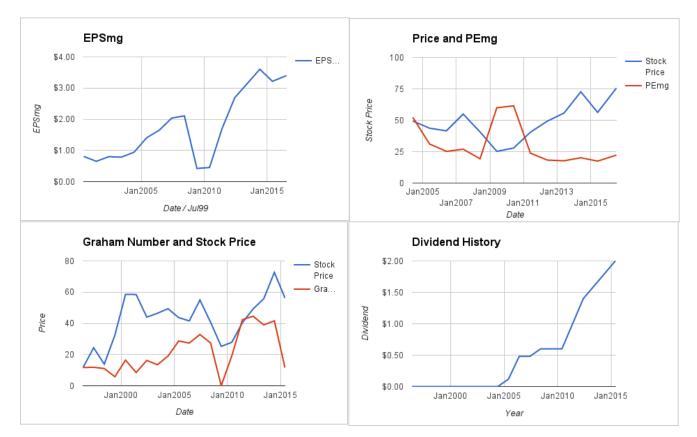
Net Current Asset Value (NCAV)	-\$2.55
Graham Number	\$16.91
PEmg	22.25
Current Ratio	3.92
PB Ratio	24.82
Current Dividend	\$2.06
Dividend Yield	2.72%
Number of Consecutive Years of Dividend Growth	6

Useful Links:

ModernGraham tagged articles Google Finance Yahoo Finance GuruFocus Morningstar MSN Money Seeking Alpha SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4 15	Next Fiscal Year Estimate	\$3.40
Jun2015	\$2.24		\$3.22
Jun2014	\$3.47	Jun2014	\$3.60
Jun2013	\$3.21	Jun2013	\$3.15
Jun2012	\$4.44	Jun2012	\$2.69
Jun2011	\$4.66		\$1.70
Jun2010	\$4.00		\$0.45
Jun2009	-\$3.07	Jun2009	\$0.43
Jun2008	-\$3.07 \$1.95		\$0.42
Jun2007	\$2.61	Jun2007	\$2.11
Jun2007	\$2.01		\$2.04 \$1.65
Jun2005	\$1.00		\$1.65 \$1.41
Jun2005		Jun2005 Jun2004	
	\$1.21		\$0.94
Jun2003	\$0.70		\$0.79
Jun2002	\$1.10		\$0.80
Jun2001	\$0.34	Jun2001	\$0.65
Jun2000	\$1.32		\$0.81
Jun1999		Balance Sheet Information	3/1/2016
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	