

ModernGraham Valuation

Company Name:

Analog Devices, Inc.

Company Ticker ADI

Date of Analysis

8/22/2016



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 | \$19,632,208,677 | Pass |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2 | 6.97 | 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 | 36.85% | Pass |
| 6. Moderate PEmg Ratio | PEmg < 20 | 27.68 | Fail |
| 7. Moderate Price to Assets | PB Ratio < 2.5 OR PB*PEmg < 50 | 3.98 | 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 | 6.97 | Pass |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1 | 0.43 | 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 | \$2.31 |
| MG Growth Estimate | 0.61% |
| MG Value | \$22.42 |
| MG Value based on 3% Growth | \$33.45 |
| MG Value based on 0% Growth | \$19.61 |
| Market Implied Growth Rate | 9.59% |

MG Opinion

| | |
|----------------------|-------------------|
| Current Price | \$63.84 |
| % of Intrinsic Value | 284.79% |
| Opinion | Overvalued |
| MG Grade | C |

Stage 3: Information for Further Research

| | |
|--|---------|
| Net Current Asset Value (NCAV) | \$6.52 |
| Graham Number | \$31.33 |
| PEmg | 27.68 |
| Current Ratio | 6.97 |
| PB Ratio | 3.98 |
| Current Dividend | \$1.64 |
| Dividend Yield | 2.57% |
| Number of Consecutive Years of Dividend Growth | 13 |

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| EPS History | | EPSmg History | |
|---------------------------|--------|---|-----------------|
| Next Fiscal Year Estimate | \$2.69 | Next Fiscal Year Estimate | \$2.31 |
| 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 | Balance Sheet Information 7/1/2016 | |
| Oct1998 | \$0.36 | Total Current Assets | \$4,727,888,000 |
| Oct1997 | \$0.52 | Total Current Liabilities | \$678,693,000 |
| Oct1996 | \$0.52 | Long-Term Debt | \$1,731,758,000 |
| | | Total Assets | \$7,685,053,000 |
| | | Intangible Assets | \$2,168,068,000 |
| | | Total Liabilities | \$2,701,720,000 |
| | | Shares Outstanding (Diluted Average) | 310,558,000 |





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

- [Analog Devices Inc Stock Valuation – February 2016 \\$ADI](#)
- [Analog Devices Inc. Analysis – September 2015 Update \\$ADI](#)
- [Analog Devices Inc Stock Valuation – February 2016 \\$ADI](#)
- [Analog Devices Inc. Analysis – September 2015 Update \\$ADI](#)
- [Analog Devices Stock Analysis – June 2015 Update \\$ADI](#)

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- [Western Digital Corporation Valuation – August 2016 \\$WDC](#)
- [Apple Inc Valuation – August 2016 \\$AAPL](#)
- [Ametek Inc Valuation – August 2016 \\$AME](#)
- [MTS Systems Corp Valuation – July 2016 \\$MTSC](#)
- [Seagate Technology PLC Valuation – July 2016 \\$STX](#)
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