

ModernGraham Valuation

Company Name:

Applied Materials, Inc.

Company Ticker AMAT

Date of Analysis

8/28/2016



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	\$32,744,008,304	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.50	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	117.96%	Pass
6. Moderate PEmg Ratio	PEmg < 20	28.36	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.80	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	2.50	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.75	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	\$1.06
MG Growth Estimate	12.68%
MG Value	\$35.77
MG Value based on 3% Growth	\$15.32
MG Value based on 0% Growth	\$8.98
Market Implied Growth Rate	9.93%

MG Opinion

Current Price	\$29.97
% of Intrinsic Value	83.78%
Opinion	Fairly Valued
MG Grade	C

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$0.47
Graham Number	\$15.25
PEmg	28.36
Current Ratio	2.50
PB Ratio	4.80
Current Dividend	\$0.40
Dividend Yield	1.33%
Number of Consecutive Years of Dividend Growth	0

Useful Links:
[ModernGraham tagged articles](#)
[Morningstar](#)
[Google Finance](#)
[MSN Money](#)
[Yahoo Finance](#)
[Seeking Alpha](#)
[GuruFocus](#)
[SEC Filings](#)
EPS History

 Next Fiscal Year
Estimate

\$1.65

Oct2015

\$1.12

Oct2014

\$0.87

Oct2013

\$0.21

Oct2012

\$0.09

Oct2011

\$1.45

Oct2010

\$0.70

Oct2009

-\$0.23

Oct2008

\$0.70

Oct2007

\$1.20

Oct2006

\$0.97

Oct2005

\$0.73

Oct2004

\$0.78

Oct2003

-\$0.09

Oct2002

\$0.16

Oct2001

\$0.30

Oct2000

\$1.20

Oct1999

\$0.46

Oct1998

\$0.15

Oct1997

\$0.33

Oct1996

\$0.41

EPSmg History

Next Fiscal Year Estimate

\$1.06

Oct2015

\$0.76

Oct2014

\$0.60

Oct2013

\$0.46

Oct2012

\$0.57

Oct2011

\$0.80

Oct2010

\$0.54

Oct2009

\$0.53

Oct2008

\$0.90

Oct2007

\$0.90

Oct2006

\$0.67

Oct2005

\$0.47

Oct2004

\$0.39

Oct2003

\$0.26

Oct2002

\$0.44

Oct2001

\$0.55

Oct2000

\$0.62

Balance Sheet Information
7/1/2016

Total Current Assets

\$7,399,000,000

Total Current Liabilities

\$2,964,000,000

Long-Term Debt

\$3,343,000,000

Total Assets

\$13,699,000,000

Intangible Assets

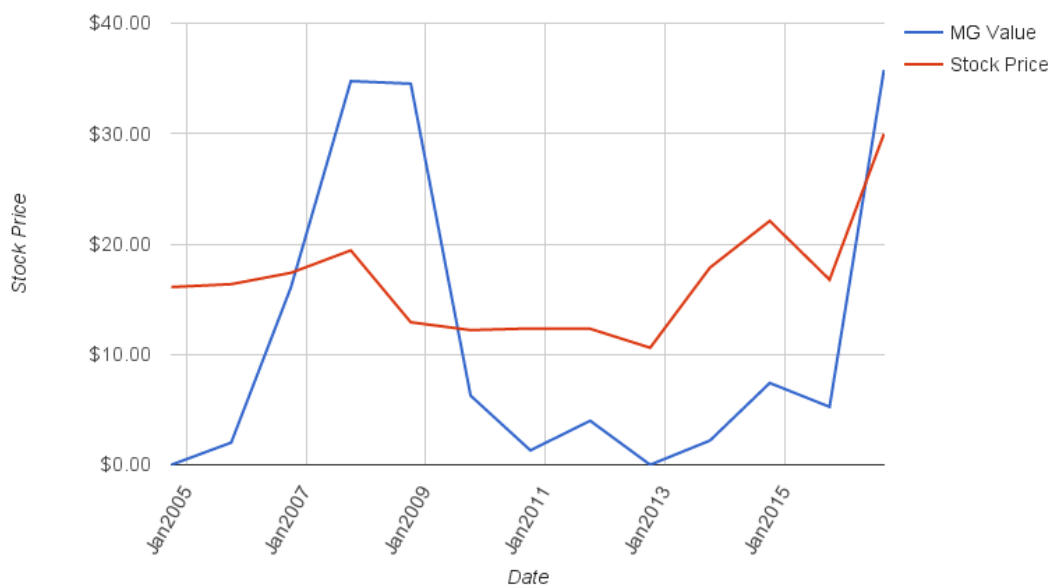
\$3,926,000,000

Total Liabilities

\$6,880,000,000

Shares Outstanding (Diluted Average)

1,093,000,000

MG Value and Stock Price




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

[Applied Materials Inc Valuation – February 2016 \\$AMAT](#)
[Applied Materials Inc Valuation – November 2015 Update \\$AMAT](#)
[Applied Materials Inc Valuation – November 2015 Update \\$AMAT](#)
[Applied Materials Inc. Analysis – August 2015 Update \\$AMAT](#)
[47 Companies in the Spotlight This Week – 5/16/15](#)

Other
ModernGraham
posts about related
companies

[Skyworks Solutions Inc Valuation – August 2016 \\$SWKS](#)
[Garmin Limited Valuation – August 2016 \\$GRMN](#)
[Analog Devices Inc Valuation – August 2016 \\$ADI](#)
[Amphenol Corporation Valuation – August 2016 \\$APH](#)
[Agilent Technologies Inc Valuation – August 2016 \\$A](#)
[Texas Instruments Inc Valuation – August 2016 \\$TXN](#)
[Xilinx Inc Valuation – August 2016 \\$XLNX](#)
[Western Digital Corporation Valuation – August 2016 \\$WDC](#)
[Apple Inc Valuation – August 2016 \\$AAPL](#)
[Ametek Inc Valuation – August 2016 \\$AME](#)