

ModernGraham Valuation



Company Name:

Skyworks Solutions Inc

Company Ticker SWKS

Date of Analysis

8/25/2016

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	\$13,879,415,027	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	5.99	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	634.38%	Pass
6. Moderate PEmg Ratio	PEmg < 20	20.76	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.06	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	5.99	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	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	\$3.59
MG Growth Estimate	15.00%
MG Value	\$138.19
MG Value based on 3% Growth	\$52.05
MG Value based on 0% Growth	\$30.51
Market Implied Growth Rate	6.13%

MG Opinion

Current Price	\$74.52
% of Intrinsic Value	53.93%
Opinion	Undervalued
MG Grade	B-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$8.54
Graham Number	\$47.14
PEmg	20.76
Current Ratio	5.99
PB Ratio	4.06
Current Dividend	\$1.04
Dividend Yield	1.40%
Number of Consecutive Years of Dividend Growth	3

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$5.27	Next Fiscal Year Estimate	\$3.59
Sep2015	\$4.10	Sep2015	\$2.51
Sep2014	\$2.38	Sep2014	\$1.60
Sep2013	\$1.45	Sep2013	\$1.14
Sep2012	\$1.05	Sep2012	\$0.94
Sep2011	\$1.19	Sep2011	\$0.82
Sep2010	\$0.75	Sep2010	\$0.55
Sep2009	\$0.56	Sep2009	\$0.38
Sep2008	\$0.68	Sep2008	\$0.24
Sep2007	\$0.36	Sep2007	-\$0.19
Sep2006	-\$0.55	Sep2006	-\$0.57
Sep2005	\$0.16	Sep2005	-\$0.56
Sep2004	\$0.15	Sep2004	-\$0.77
Sep2003	-\$3.24	Sep2003	-\$0.95
Mar2002	-\$0.42	Mar2002	\$0.24
Mar2001	\$0.75	Mar2001	\$0.48
Mar2000	\$0.42	Mar2000	\$0.29
Mar1999	\$0.54	Balance Sheet Information 6/1/2016	
Mar1998	\$0.33	Total Current Assets	\$2,078,100,000
Mar1997	-\$0.53	Total Current Liabilities	\$347,000,000
Mar1996	\$0.15	Long-Term Debt	\$0
		Total Assets	\$3,955,700,000
		Intangible Assets	\$934,000,000
		Total Liabilities	\$441,400,000
		Shares Outstanding (Diluted Average)	191,700,000





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

- [Skyworks Solutions Inc Stock Valuation – February 2016 \\$SWKS](#)
- [10 Best Stocks For Value Investors This Week – 10/31/15](#)
- [Skyworks Solutions Inc. Valuation – October 2015 Update \\$SWKS](#)
- [10 Best Stocks For Value Investors This Week – 10/31/15](#)
- [The Best Stocks of the IT Hardware Industry – September 2015](#)

Other ModernGraham posts about related companies

- [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](#)
- [MTS Systems Corp Valuation – July 2016 \\$MTSC](#)