

ModernGraham Valuation

Company Name:

Company Ticker TXN
Date of Analysis

Texas Instruments
Incorporated

8/20/2016



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	\$70,636,276,401	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.36	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	89.16%	Pass
6. Moderate PEmg Ratio	PEmg < 20	26.84	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	7.17	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	3.36	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.63	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	\$2.62
MG Growth Estimate	7.09%
MG Value	\$59.36
MG Value based on 3% Growth	\$37.96
MG Value based on 0% Growth	\$22.25
Market Implied Growth Rate	9.17%

MG Opinion

Current Price	\$70.27
% of Intrinsic Value	118.38%
Opinion	Overvalued
MG Grade	C

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$0.94
Graham Number	\$25.85
PEmg	26.84
Current Ratio	3.36
PB Ratio	7.17
Current Dividend	\$1.48
Dividend Yield	2.11%
Number of Consecutive Years of Dividend Growth	13

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.99	Next Fiscal Year Estimate	\$2.62
Dec2015	\$2.82	Dec2015	\$2.33
Dec2014	\$2.57	Dec2014	\$2.09
Dec2013	\$1.91	Dec2013	\$1.84
Dec2012	\$1.51	Dec2012	\$1.78
Dec2011	\$1.88	Dec2011	\$1.87
Dec2010	\$2.62	Dec2010	\$1.90
Dec2009	\$1.15	Dec2009	\$1.60
Dec2008	\$1.44	Dec2008	\$1.78
Dec2007	\$1.84	Dec2007	\$1.81
Dec2006	\$2.78	Dec2006	\$1.57
Dec2005	\$1.39	Dec2005	\$0.83
Dec2004	\$1.05	Dec2004	\$0.57
Dec2003	\$0.60	Dec2003	\$0.41
Dec2002	-\$0.20	Dec2002	\$0.37
Dec2001	-\$0.12	Dec2001	\$0.69
Dec2000	\$1.71	Dec2000	\$1.00
Dec1999	\$0.83	Balance Sheet Information 6/1/2016	
Dec1998	\$0.26	Total Current Assets	\$6,689,000,000
Dec1997	\$1.13	Total Current Liabilities	\$1,991,000,000
Dec1996	\$0.05	Long-Term Debt	\$2,975,000,000
		Total Assets	\$15,693,000,000
		Intangible Assets	\$5,838,000,000
		Total Liabilities	\$5,731,000,000
		Shares Outstanding (Diluted Average)	1,016,000,000





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.

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