

ModernGraham Valuation

Company Name:

Broadcom Ltd

Company Ticker AVGO

Date of Analysis

4/4/2018



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	\$93,602,964,886	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	5.70	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	402.17%	Pass
5. Earnings Growth	PEmg < 20	32.68	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	3.90	Fail
7. Moderate Price to Assets			

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	5.70	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.89	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago Score		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$7.25
MG Growth Estimate	15.00%
MG Value	\$279.23
MG Value based on 3% Growth	\$105.16
MG Value based on 0% Growth	\$61.65
Market Implied Growth Rate	12.09%

MG Opinion

Current Price	\$236.99
% of Intrinsic Value	84.87%
Opinion	Fairly Valued
MG Grade	D+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$40.90
Graham Number	\$146.88
PEmg	32.68
Current Ratio	5.70
PB Ratio	3.90
Current Dividend	\$4.08
Dividend Yield	1.72%
Number of Consecutive Years of Dividend Growth	7

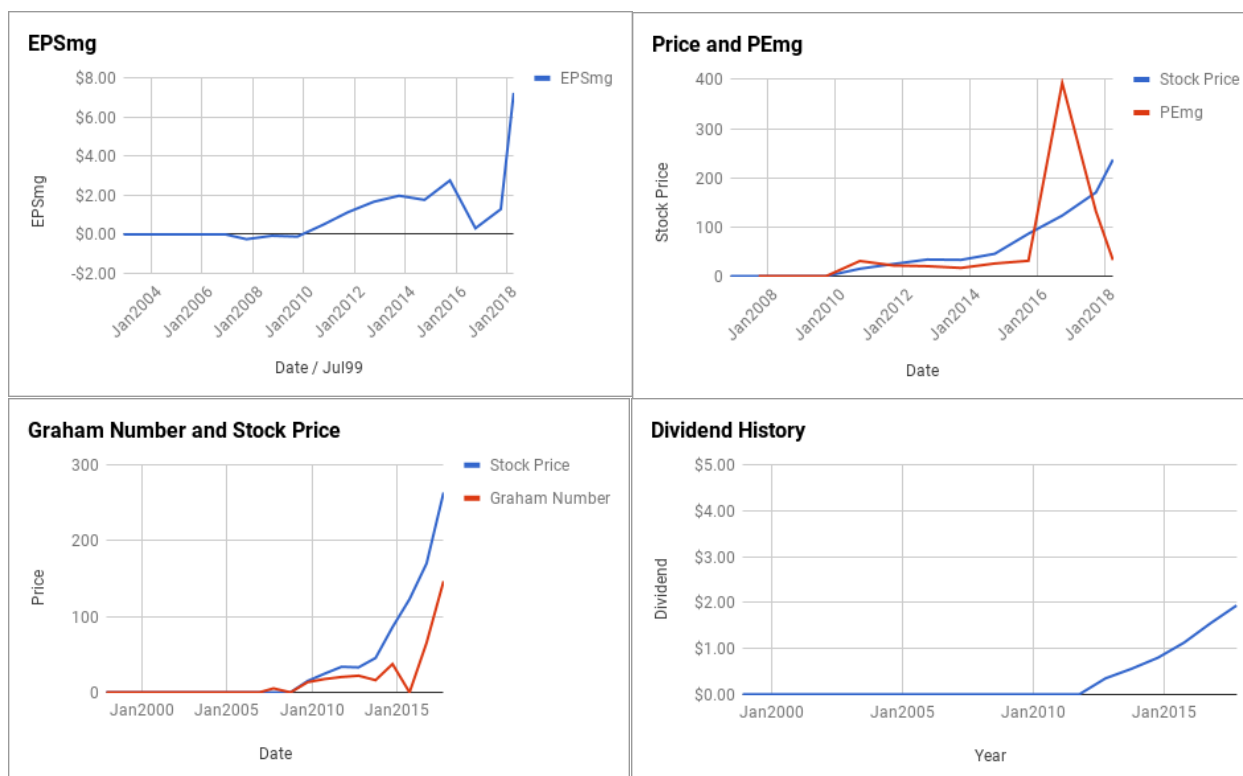
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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Oct2017	\$19.32	Oct2017	\$7.25
Oct2016	\$4.02	Oct2016	\$1.29
Oct2015	-\$4.86	Oct2015	\$0.31
Oct2014	\$4.85	Oct2014	\$2.76
Oct2013	\$0.99	Oct2013	\$1.77
Oct2012	\$2.19	Oct2012	\$1.98
Oct2011	\$2.25	Oct2011	\$1.67
Oct2010	\$2.19	Oct2010	\$1.14
Oct2009	\$1.69	Oct2009	\$0.49
Oct2008	-\$0.20	Oct2008	-\$0.11
Oct2007	\$0.38	Oct2007	-\$0.07
Dec2006	-\$0.74	Oct2006	-\$0.25
Dec2005	\$0.00	Dec2006	\$0.00
Dec2004	\$0.00	Dec2005	\$0.00
Dec2003	\$0.00	Dec2004	\$0.00
Dec2002	\$0.00	Dec2003	\$0.00
Dec2001	\$0.00	Dec2002	\$0.00
Dec2000	\$0.00	Balance Sheet Information	
Dec1999	\$0.00	1/1/2018	
Dec1998	\$0.00	Total Current Assets	\$11,220,000,000
		Total Current Liabilities	\$1,970,000,000
		Long-Term Debt	\$17,475,000,000
		Total Assets	\$54,544,000,000
		Intangible Assets	\$40,070,000,000
		Total Liabilities	\$28,643,000,000
		Shares Outstanding (Diluted Average)	426,000,000





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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