

# ModernGraham Valuation

## Company Name:

Company Ticker TXN

Date of Analysis

5/21/2018

Texas Instruments  
Incorporated



## 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	\$108,082,317,000	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	4.62	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	118.41%	Pass
5. Earnings Growth	PEmg < 20	27.91	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	10.43	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	4.62	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.53	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 Score		Pass

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$3.96
MG Growth Estimate	13.35%
<b>MG Value</b>	<b>\$139.23</b>
MG Value based on 3% Growth	\$57.36
MG Value based on 0% Growth	\$33.63
Market Implied Growth Rate	9.70%

### MG Opinion

Current Price	\$110.41
% of Intrinsic Value	79.30%
<b>Opinion</b>	<b>Fairly Valued</b>
<b>MG Grade</b>	<b>C+</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$1.72
Graham Number	\$35.24
PEmg	27.91
Current Ratio	4.62
PB Ratio	10.43
Current Dividend	\$2.12
Dividend Yield	1.92%
Number of Consecutive Years of Dividend Growth	14

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Dec2017	\$5.25	Dec2017	\$3.96
Dec2016	\$3.61	Dec2016	\$3.17
Dec2015	\$3.48	Dec2015	\$2.78
Dec2014	\$2.82	Dec2014	\$2.33
Dec2013	\$2.57	Dec2013	\$2.09
Dec2012	\$1.91	Dec2012	\$1.84
Dec2011	\$1.51	Dec2011	\$1.78
Dec2010	\$1.88	Dec2010	\$1.87
Dec2009	\$2.62	Dec2009	\$1.90
Dec2008	\$1.15	Dec2008	\$1.60
Dec2007	\$1.44	Dec2007	\$1.78
Dec2006	\$1.84	Dec2006	\$1.81
Dec2005	\$2.78	Dec2005	\$1.57
Dec2004	\$1.39	Dec2004	\$0.83
Dec2003	\$1.05	Dec2003	\$0.57
Dec2002	\$0.60	Dec2002	\$0.41
Dec2001	-\$0.20	Dec2001	\$0.37
Dec2000	-\$0.12	<b>Balance Sheet Information 3/1/2018</b>	
Dec1999	\$1.71	Total Current Assets	\$8,590,000,000
Dec1998	\$0.83	Total Current Liabilities	\$1,860,000,000
	\$0.26	Long-Term Debt	\$3,578,000,000
		Total Assets	\$17,507,000,000
		Intangible Assets	\$5,330,000,000
		Total Liabilities	\$6,865,000,000
		Shares Outstanding (Diluted Average)	1,005,000,000





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.

## Recommended Reading:

Other  
ModernGraham  
posts about the  
company

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[Texas Instruments Inc Valuation – February 2017 \\$TXN](#)  
[Texas Instruments Inc Valuation – August 2016 \\$TXN](#)  
[15 Best Stocks For Value Investors This Week – 2/13/16](#)  
[Texas Instruments Inc Valuation – February 2016 \\$TXN](#)

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[Ametek Inc Valuation – April 2018 \\$AME](#)  
[Qorvo Inc Valuation – April 2018 \\$QORVO](#)  
[FLIR Systems Inc Valuation – April 2018 \\$FLIR](#)  
[NetApp Inc Valuation – April 2018 \\$NTAP](#)  
[Applied Materials Inc Valuation – April 2018 \\$AMAT](#)  
[Broadcom Inc Valuation – April 2018 \\$AVGO](#)  
[Microchip Technology Inc Valuation – April 2018 \\$MCHP](#)  
[KLA-Tencor Corp Valuation – March 2018 \\$KLAC](#)  
[TE Connectivity Ltd Valuation – March 2018 \\$TEL](#)