ModernGraham Valuation

Company Name:

Texas Instruments Incorporated



Company Ticker TXN
Date of Analysis

5/21/2018

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.

| Market Cap > \$2Bil | \$108,082,317,000 Pass |
|--|---|
| Current Ratio > 2 | 4.62 Pass |
| Positive EPS for 10 years prior | Pass |
| 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 |
| PEmg < 20 | 27.91 Fail |
| PB Ratio < 2.5 OR PB*PEmg < 50 | 10.43 Fail |
| | Current Ratio > 2 Positive EPS for 10 years prior Dividend Payments for 10 years prior Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end PEmg < 20 |

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

| 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 | Pass |
| | Score | |

Score

Suitability

Defensive No Enterprising Yes

Stage 2: Determination of Intrinsic Value

| EPSmg | \$3.96 |
|-----------------------------|----------|
| MG Growth Estimate | 13.35% |
| MG Value | \$139.23 |
| MG Value based on 3% Growth | \$57.36 |
| MG Value based on 0% Growth | \$33.63 |
| Market Implied Growth Rate | 9.70% |

MG Opinion

| Opinion | Fairly Valued |
|----------------------|---------------|
| % of Intrinsic Value | 79.30% |
| Current Price | \$110.41 |

Opinion Fairly valued

MG Grade C+

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 |

Morningstar

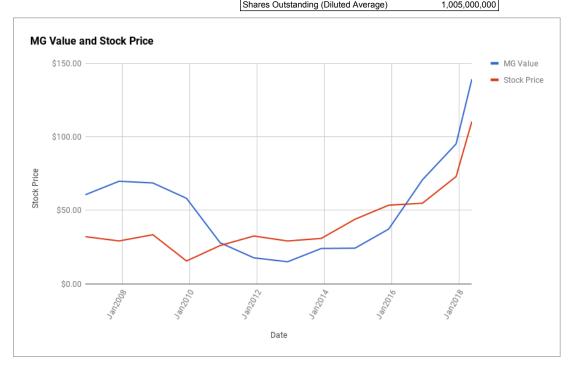
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 Google Finance
 MSN Money

 Yahoo Finance
 Seeking Alpha

 GuruFocus
 SEC Filings

| EPS History | | EPSmg History | |
|------------------|--------------|--------------------------------------|------------------|
| Next Fiscal Year | 65.05 | Next Fines I Vers Fatimets | #2.00 |
| Estimate | ** * | Next Fiscal Year Estimate | \$3.96 |
| Dec2017 | \$3.61 | Dec2017 | \$3.17 |
| Dec2016 | \$3.48 | Dec2016 | \$2.78 |
| 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 | Balance Sheet Information | 3/1/2018 |
| Dec2000 | \$1.71 | Total Current Assets | \$8,590,000,000 |
| Dec1999 | \$0.83 | Total Current Liabilities | \$1,860,000,000 |
| Dec1998 | \$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.

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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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