

ModernGraham Valuation

Company Name:

Analog Devices, Inc.

Company Ticker ADI

Date of Analysis

6/3/2018



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	\$36,388,670,573	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.53	Fail
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	57.10%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	32.20	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.48	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	1.53	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	9.17	Fail
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

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.06
MG Growth Estimate	5.96%
MG Value	\$62.42
MG Value based on 3% Growth	\$44.31
MG Value based on 0% Growth	\$25.98
Market Implied Growth Rate	11.85%

MG Opinion

Current Price	\$98.40
% of Intrinsic Value	157.63%
Opinion	Overvalued
MG Grade	C

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$21.35
Graham Number	\$53.30
PEmg	32.20
Current Ratio	1.53
PB Ratio	3.48
Current Dividend	\$1.77
Dividend Yield	1.80%
Number of Consecutive Years of Dividend Growth	14

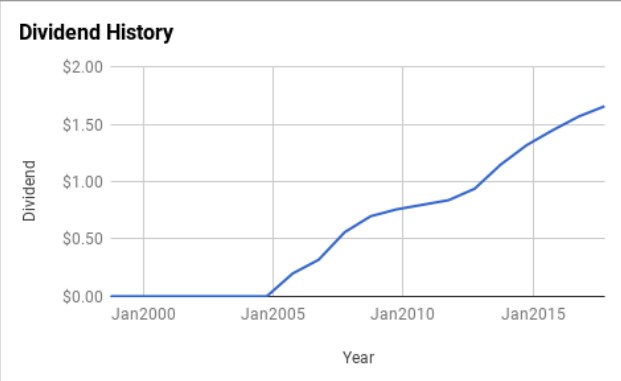
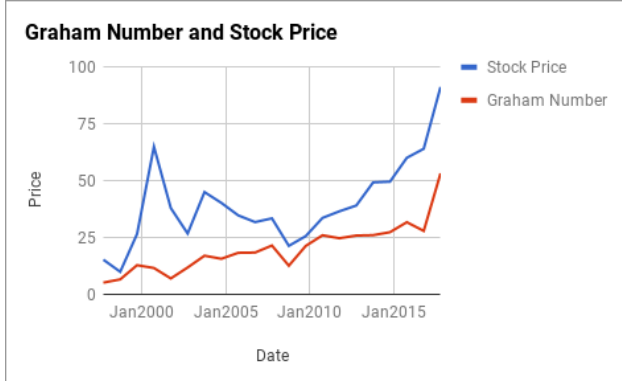
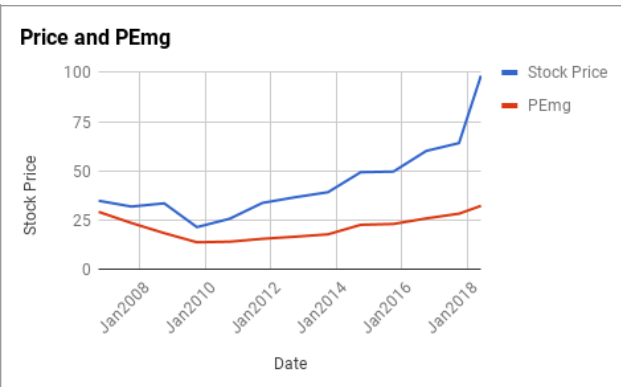
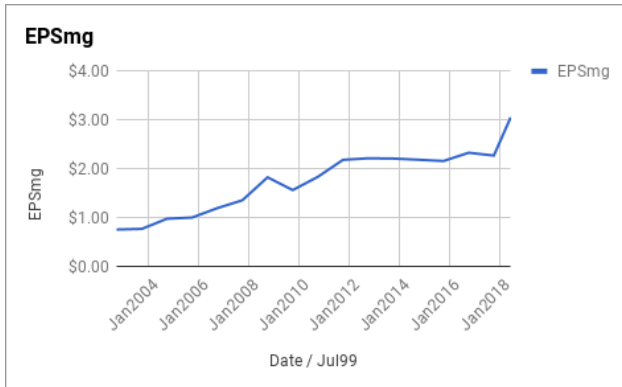
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.58	Next Fiscal Year Estimate	\$3.06
Oct2017	\$2.07	Oct2017	\$2.27
Oct2016	\$2.76	Oct2016	\$2.33
Oct2015	\$2.20	Oct2015	\$2.16
Oct2014	\$1.98	Oct2014	\$2.19
Oct2013	\$2.14	Oct2013	\$2.21
Oct2012	\$2.13	Oct2012	\$2.22
Oct2011	\$2.81	Oct2011	\$2.18
Oct2010	\$2.33	Oct2010	\$1.84
Oct2009	\$0.85	Oct2009	\$1.56
Oct2008	\$2.67	Oct2008	\$1.83
Oct2007	\$1.50	Oct2007	\$1.36
Oct2006	\$1.48	Oct2006	\$1.19
Oct2005	\$1.08	Oct2005	\$1.00
Oct2004	\$1.45	Oct2004	\$0.98
Oct2003	\$0.78	Oct2003	\$0.77
Oct2002	\$0.28	Oct2002	\$0.76
Oct2001	\$0.93	Balance Sheet Information 4/1/2018	
Oct2000	\$1.59	Total Current Assets	\$2,188,274,000
Oct1999	\$0.55	Total Current Liabilities	\$1,432,863,000
Oct1998	\$0.36	Long-Term Debt	\$6,926,441,000
		Total Assets	\$20,776,454,000
		Intangible Assets	\$17,324,376,000
		Total Liabilities	\$10,191,099,000
		Shares Outstanding (Diluted Average)	374,778,000





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**
- [Analog Devices Inc Valuation – February 2017 \\$ADI](#)
 - [Analog Devices Inc Valuation – August 2016 \\$ADI](#)
 - [Analog Devices Inc Stock Valuation – February 2016 \\$ADI](#)
 - [Analog Devices Inc. Analysis – September 2015 Update \\$ADI](#)
 - [Analog Devices Stock Analysis – June 2015 Update \\$ADI](#)

- Other ModernGraham posts about related companies**
- [Micron Technology Inc Valuation – May 2018 \\$MU](#)
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