

ModernGraham Valuation

Company Name:

Company Ticker LRCX

Date of Analysis

6/29/2018

Lam Research
Corporation



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	\$28,177,656,591	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.64	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	330.21%	Pass
5. Earnings Growth	PEmg < 20	21.19	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	4.57	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	2.64	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.29	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		

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$8.16
MG Growth Estimate	15.00%
MG Value	\$314.01
MG Value based on 3% Growth	\$118.26
MG Value based on 0% Growth	\$69.33
Market Implied Growth Rate	6.35%

MG Opinion

Current Price	\$172.85
% of Intrinsic Value	55.05%
Opinion	Undervalued
MG Grade	B-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$19.83
Graham Number	\$105.52
PEmg	21.19
Current Ratio	2.64
PB Ratio	4.57
Current Dividend	\$1.65
Dividend Yield	0.95%
Number of Consecutive Years of Dividend Growth	4

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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
	\$11.74		\$8.16
Jun2017	\$9.24	Jun2017	\$5.74
Jun2016	\$5.22	Jun2016	\$3.63
Jun2015	\$3.70	Jun2015	\$2.90
Jun2014	\$3.62	Jun2014	\$2.61
Jun2013	\$0.66	Jun2013	\$1.94
Jun2012	\$1.35	Jun2012	\$2.45
Jun2011	\$5.79	Jun2011	\$2.96
Jun2010	\$2.71	Jun2010	\$1.76
Jun2009	-\$2.41	Jun2009	\$1.54
Jun2008	\$3.47	Jun2008	\$3.23
Jun2007	\$4.85	Jun2007	\$2.72
Jun2006	\$2.33	Jun2006	\$1.39
Jun2005	\$2.09	Jun2005	\$0.76
Jun2004	\$0.54	Jun2004	\$0.18
Jun2003	-\$0.06	Jun2003	\$0.01
Jun2002	-\$0.71	Jun2002	-\$0.04
Jun2001	\$0.39	Balance Sheet Information	
Jun2000	\$1.53	3/1/2018	
Jun1999	-\$0.98	Total Current Assets	\$10,425,797,000
Jun1998	-\$1.27	Total Current Liabilities	\$3,948,420,000
		Long-Term Debt	\$1,862,704,000
		Total Assets	\$13,663,499,000
		Intangible Assets	\$1,825,891,000
		Total Liabilities	\$6,860,444,000
		Shares Outstanding (Diluted Average)	179,779,000





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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