

ModernGraham Valuation

Company Name:

Semtech Corporation

Company Ticker SMTC

Date of Analysis

8/4/2018



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	\$3,140,467,932	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	4.09	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	36.99%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	46.56	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.70	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	4.09	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.59	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago		Pass
	Score		

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.03
MG Growth Estimate	15.00%
MG Value	\$39.53
MG Value based on 3% Growth	\$14.89
MG Value based on 0% Growth	\$8.73
Market Implied Growth Rate	19.03%

MG Opinion

Current Price	\$47.80
% of Intrinsic Value	120.93%
Opinion	Overvalued
MG Grade	C

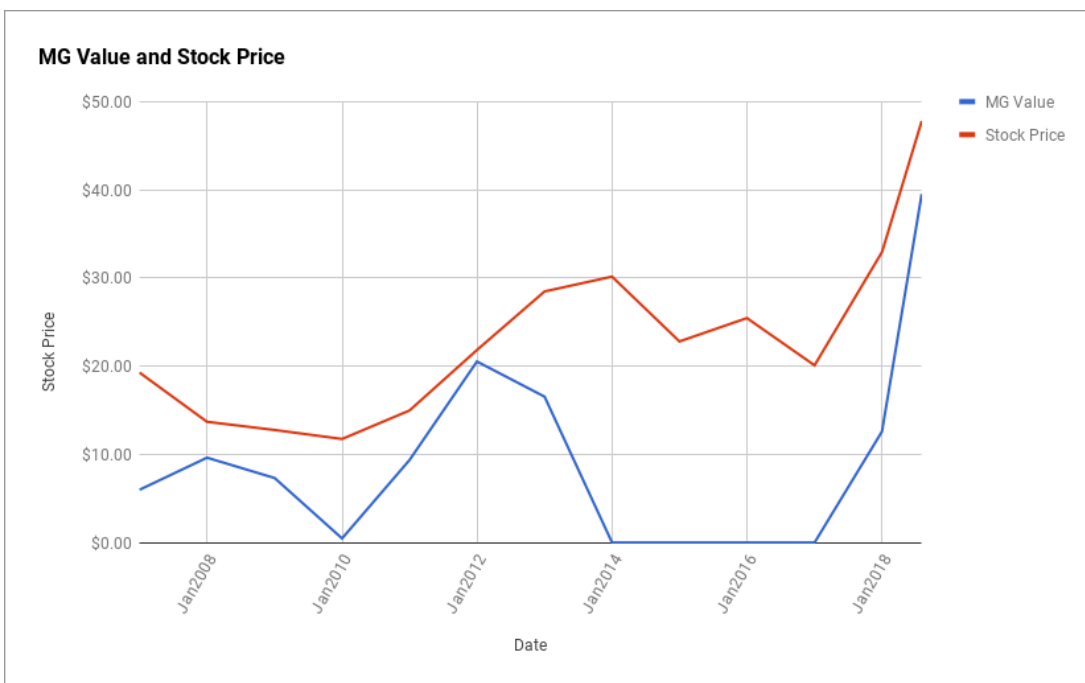
Stage 3: Information for Further Research

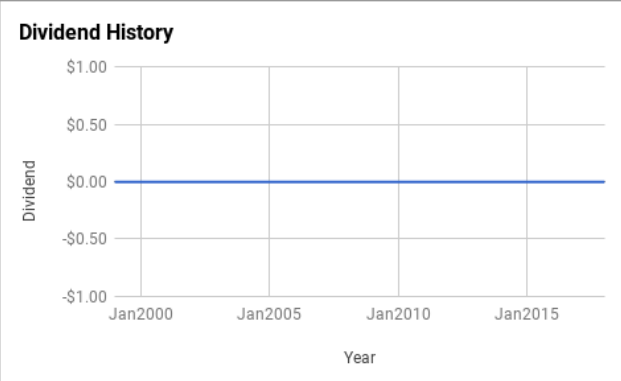
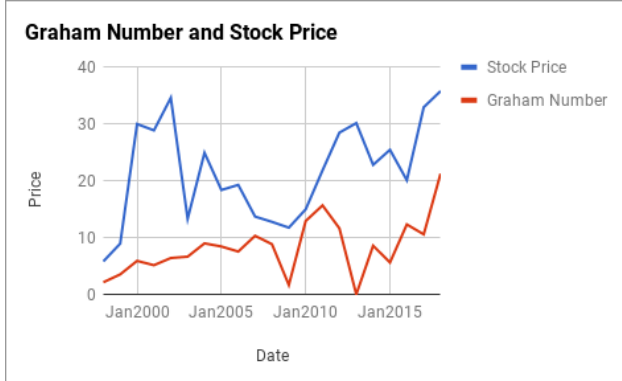
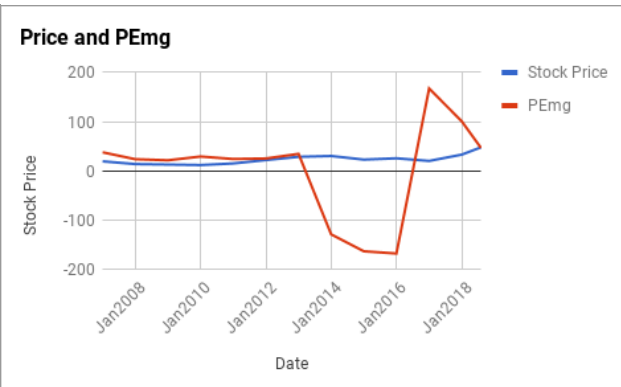
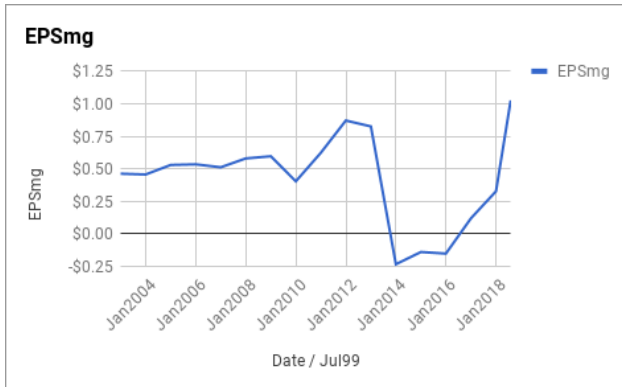
Net Current Asset Value (NCAV)	\$0.91
Graham Number	\$21.25
PEmg	46.56
Current Ratio	4.09
PB Ratio	4.70
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.00	Next Fiscal Year Estimate	\$1.03
Jan2018	\$0.54	Jan2018	\$0.33
Jan2017	\$0.83	Jan2017	\$0.12
Jan2016	\$0.17	Jan2016	-\$0.15
Jan2015	\$0.41	Jan2015	-\$0.14
Jan2014	-\$2.44	Jan2014	-\$0.23
Jan2013	\$0.62	Jan2013	\$0.83
Jan2012	\$1.32	Jan2012	\$0.87
Jan2011	\$1.12	Jan2011	\$0.62
Jan2010	\$0.02	Jan2010	\$0.40
Jan2009	\$0.61	Jan2009	\$0.60
Jan2008	\$0.71	Jan2008	\$0.58
Jan2007	\$0.42	Jan2007	\$0.51
Jan2006	\$0.55	Jan2006	\$0.53
Jan2005	\$0.70	Jan2005	\$0.53
Jan2004	\$0.42	Jan2004	\$0.46
Jan2003	\$0.44	Jan2003	\$0.46
Jan2002	\$0.33	Balance Sheet Information 4/1/2018	
Jan2001	\$0.79	Total Current Assets	\$467,392,000
Jan2000	\$0.42	Total Current Liabilities	\$114,407,000
Jan1999	\$0.21	Long-Term Debt	\$206,552,000
		Total Assets	\$1,098,805,000
		Intangible Assets	\$395,143,000
		Total Liabilities	\$405,451,000
		Shares Outstanding (Diluted Average)	68,195,000





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 [5 of the Worst Stocks to Invest In – February 2017](#)
[Semtech Corporation Valuation – Initial Coverage \\$SMTC](#)

Other ModernGraham posts about related companies [Teradata Corp Valuation – August 2018 \\$TDC](#)
[Silicon Laboratories Inc Valuation – August 2018 \\$SLAB](#)
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[Ciena Corp Valuation – July 2018 \\$CIEN](#)
[iRobot Corp Valuation – July 2018 \\$IRBT](#)
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[Sanmina Corp Valuation – July 2018 \\$SANM](#)
[II-VI Inc Valuation – July 2018 \\$IIVI](#)