

ModernGraham Valuation

Company Name:

KLA-Tencor Corp

Company Ticker KLAC

Date of Analysis

1/27/2019



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	\$15,698,720,555	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.45	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	91.67%	Pass
5. Earnings Growth	PEmg < 20	16.29	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	10.10	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	3.45	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.70	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	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$6.22
MG Growth Estimate	14.02%
MG Value	\$227.47
MG Value based on 3% Growth	\$90.25
MG Value based on 0% Growth	\$52.90
Market Implied Growth Rate	3.90%

MG Opinion

Current Price	\$101.39
% of Intrinsic Value	44.57%
Opinion	Undervalued
MG Grade	B+

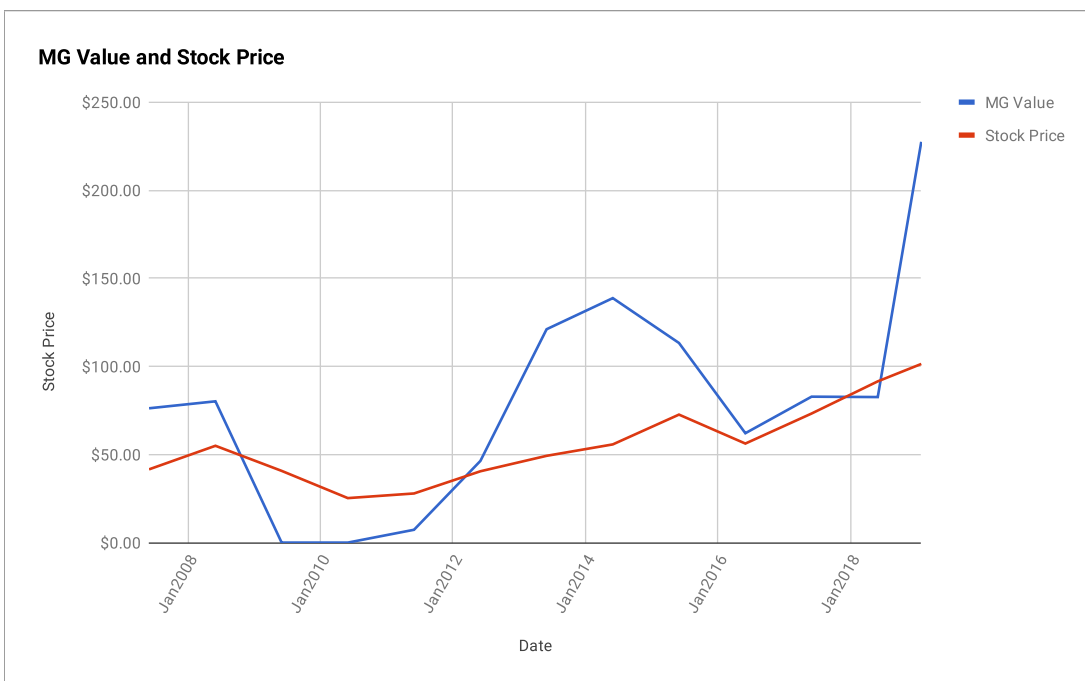
Stage 3: Information for Further Research

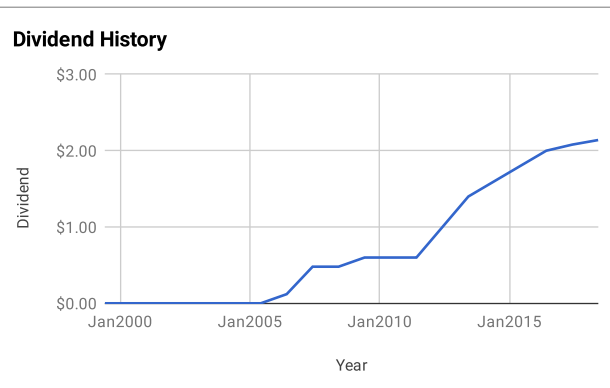
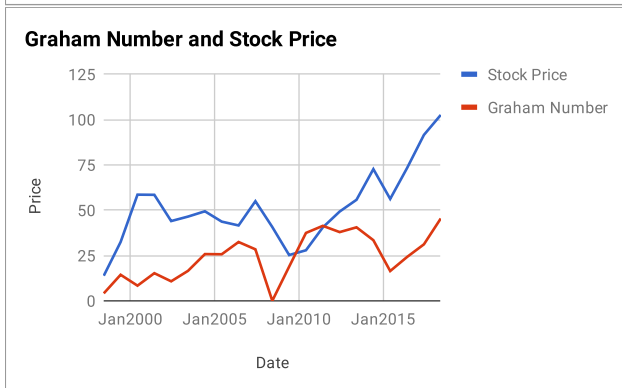
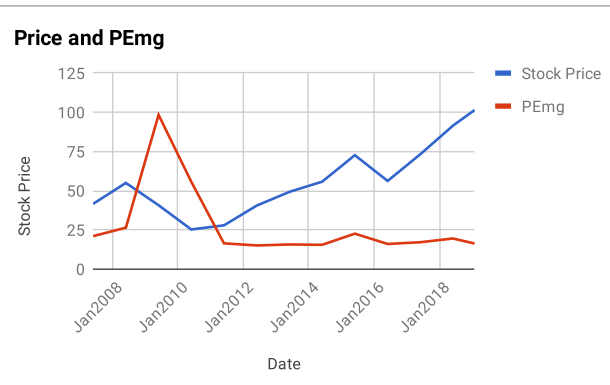
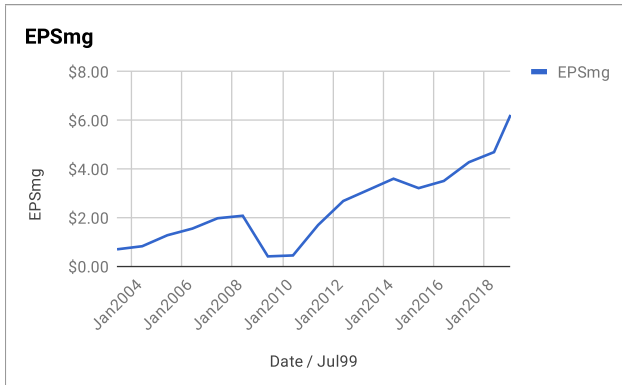
Net Current Asset Value (NCAV)	\$2.84
Graham Number	\$45.40
PEmg	16.29
Current Ratio	3.45
PB Ratio	10.10
Current Dividend	\$2.52
Dividend Yield	2.49%
Number of Consecutive Years of Dividend Growth	8

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		Next Fiscal Year Estimate	
Jun2018	\$5.10	Jun2018	\$4.70
Jun2017	\$5.88	Jun2017	\$4.28
Jun2016	\$4.49	Jun2016	\$3.51
Jun2015	\$2.24	Jun2015	\$3.22
Jun2014	\$3.47	Jun2014	\$3.60
Jun2013	\$3.21	Jun2013	\$3.15
Jun2012	\$4.44	Jun2012	\$2.69
Jun2011	\$4.66	Jun2011	\$1.70
Jun2010	\$1.23	Jun2010	\$0.45
Jun2009	-\$3.07	Jun2009	\$0.41
Jun2008	\$1.95	Jun2008	\$2.08
Jun2007	\$2.61	Jun2007	\$1.98
Jun2006	\$1.86	Jun2006	\$1.56
Jun2005	\$2.21	Jun2005	\$1.28
Jun2004	\$1.05	Jun2004	\$0.83
Jun2003	\$0.48	Jun2003	\$0.70
Jun2002	\$1.10	Balance Sheet Information	
Jun2001	\$0.34	9/1/2018	
Jun2000	\$1.32	Total Current Assets	\$4,521,044,000
Jun1999	\$0.11	Total Current Liabilities	\$1,310,930,000
		Long-Term Debt	\$2,237,890,000
		Total Assets	\$5,645,109,000
		Intangible Assets	\$385,557,000
		Total Liabilities	\$4,077,740,000
		Shares Outstanding (Diluted Average)	156,083,000





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:

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ModernGraham
posts about the
company

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[KLA-Tencor Corp Valuation – July 2016 \\$KLAC](#)
[KLA-Tencor Corp Valuation – January 2016 Update \\$KLAC](#)
[KLA-Tencor Corporation Analysis – September 2015 Update \\$KLAC](#)
[10 Undervalued Companies for the Enterprising Dividend Stock Investor – August 2015](#)

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[HP Inc Valuation – December 2018 \\$HPQ](#)
[Intel Corp Valuation – November 2018 \\$INTC](#)
[Apple Inc Valuation – November 2018 \\$AAPL](#)
[Littelfuse Inc Valuation – September 2018 \\$LFUS](#)
[CTS Corporation Valuation – August 2018 \\$CTS](#)
[Kopin Corp Valuation – August 2018 \\$KOPN](#)