

# ModernGraham Valuation

Company Name:

Applied Materials, Inc.

Company Ticker AMAT

Date of Analysis

2/10/2019



## 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	\$37,944,390,515	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.64	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	306.70%	Pass
5. Earnings Growth	PEmg < 20	14.85	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	5.74	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	0.79	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 Score		Pass

### Suitability

<b>Defensive</b>	<b>Yes</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$2.68
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$103.13</b>
MG Value based on 3% Growth	\$38.84
MG Value based on 0% Growth	\$22.77
Market Implied Growth Rate	3.18%

### MG Opinion

Current Price	\$39.78
% of Intrinsic Value	38.57%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>B</b>

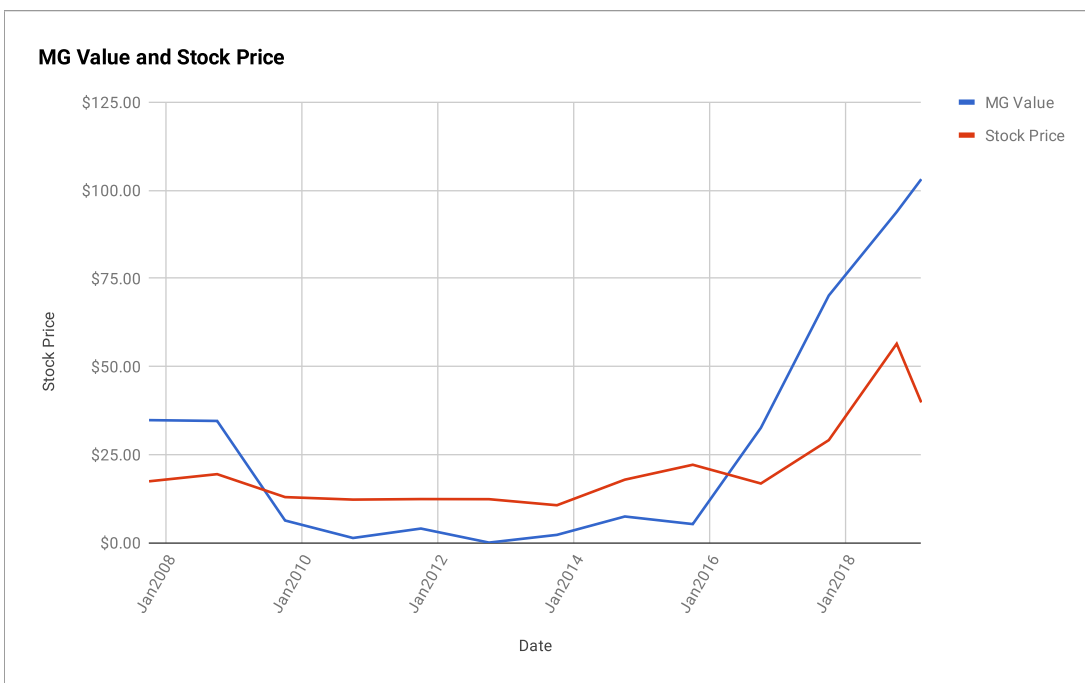
## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$0.19
Graham Number	\$20.60
PEmg	14.85
Current Ratio	2.64
PB Ratio	5.74
Current Dividend	\$0.60
Dividend Yield	1.51%
Number of Consecutive Years of Dividend Growth	1

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<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	\$2.68
Oct2018	\$2.71	Oct2018	\$2.44
Oct2017	\$3.23	Oct2017	\$1.82
Oct2016	\$3.17	Oct2016	\$1.02
Oct2015	\$1.54	Oct2015	\$0.76
Oct2014	\$1.12	Oct2014	\$0.60
Oct2013	\$0.87	Oct2013	\$0.46
Oct2012	\$0.21	Oct2012	\$0.57
Oct2011	\$0.09	Oct2011	\$0.80
Oct2010	\$1.45	Oct2010	\$0.54
Oct2009	\$0.70	Oct2009	\$0.53
Oct2008	-\$0.23	Oct2008	\$0.90
Oct2007	\$0.70	Oct2007	\$0.90
Oct2006	\$1.20	Oct2006	\$0.67
Oct2005	\$0.97	Oct2005	\$0.47
Oct2004	\$0.73	Oct2004	\$0.39
Oct2003	\$0.78	Oct2003	\$0.26
Oct2002	-\$0.09	<b>Balance Sheet Information 10/1/2018</b>	
Oct2001	\$0.16	Total Current Assets	\$10,747,000,000
Oct2000	\$0.30	Total Current Liabilities	\$4,068,000,000
Oct2000	\$1.20	Long-Term Debt	\$5,309,000,000
Oct1999	\$0.46	Total Assets	\$17,773,000,000
		Intangible Assets	\$3,581,000,000
		Total Liabilities	\$10,934,000,000
		Shares Outstanding (Diluted Average)	987,000,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author held a long position in AMAT 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 Companies for Enterprising Investors Near 52 Week Lows – September 2018](#)

[Applied Materials Inc Valuation – April 2018 \\$AMAT](#)

[7 Best Undervalued Stocks of the Week – 9/3/16](#)

[Applied Materials Inc Valuation – August 2016 \\$AMAT](#)

[Applied Materials Inc Valuation – February 2016 \\$AMAT](#)

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[TE Connectivity Ltd Valuation – January 2019 \\$TEL](#)

[NVIDIA Corp Valuation – January 2019 \\$NVDA](#)

[Seagate Technology PLC Valuation – January 2019 \\$STX](#)

[Corning Inc Valuation – January 2019 \\$GLW](#)

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[Apple Inc Valuation – November 2018 \\$AAPL](#)

[Littelfuse Inc Valuation – September 2018 \\$LFUS](#)

[CTS Corporation Valuation – August 2018 \\$CTS](#)