

ModernGraham Valuation

Company Name:

Broadcom Inc

Company Ticker AVGO

Date of Analysis

2/4/2019



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	\$108,839,545,504	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.90	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	771.13%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	17.76	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.26	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	3.90	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.58	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$15.04
MG Growth Estimate	15.00%
MG Value	\$579.17
MG Value based on 3% Growth	\$218.13
MG Value based on 0% Growth	\$127.87
Market Implied Growth Rate	4.63%

MG Opinion

Current Price	\$267.15
% of Intrinsic Value	46.13%
Opinion	Undervalued
MG Grade	C

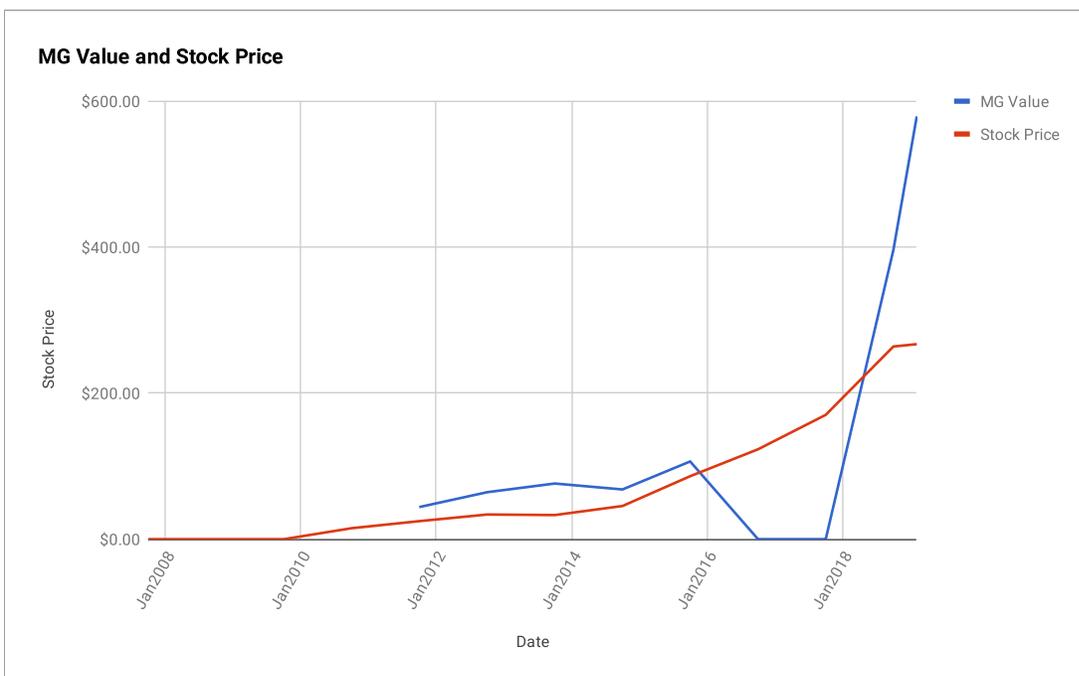
Stage 3: Information for Further Research

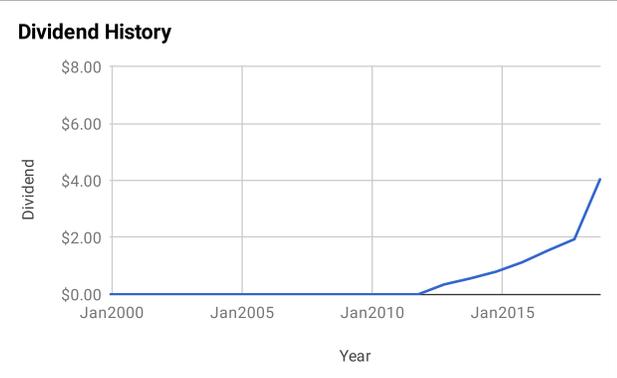
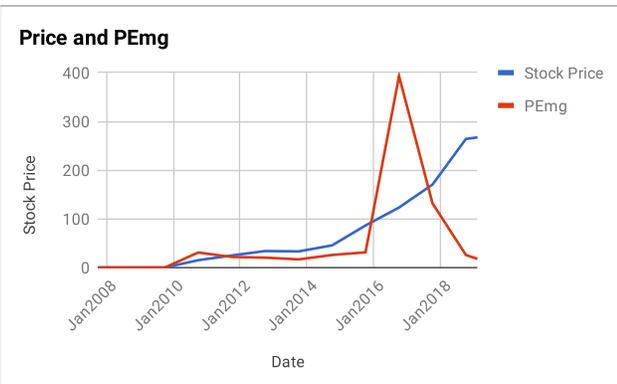
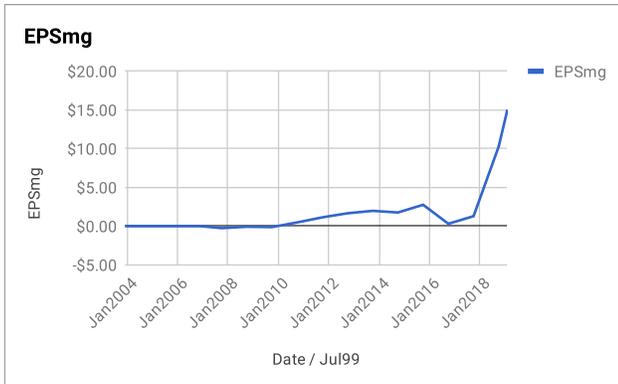
Net Current Asset Value (NCAV)	-\$33.79
Graham Number	\$174.29
PEmg	17.76
Current Ratio	3.90
PB Ratio	4.26
Current Dividend	\$7.00
Dividend Yield	2.62%
Number of Consecutive Years of Dividend Growth	8

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	\$20.94	Next Fiscal Year Estimate	\$15.04
Oct2018	\$28.44	Oct2018	\$10.29
Oct2017	\$4.02	Oct2017	\$1.29
Oct2016	-\$4.86	Oct2016	\$0.31
Oct2015	\$4.85	Oct2015	\$2.76
Oct2014	\$0.99	Oct2014	\$1.77
Oct2013	\$2.19	Oct2013	\$1.98
Oct2012	\$2.25	Oct2012	\$1.67
Oct2011	\$2.19	Oct2011	\$1.14
Oct2010	\$1.69	Oct2010	\$0.49
Oct2009	-\$0.20	Oct2009	-\$0.11
Oct2008	\$0.38	Oct2008	-\$0.07
Oct2007	-\$0.74	Oct2007	-\$0.25
Dec2006	\$0.00	Dec2006	\$0.00
Dec2005	\$0.00	Dec2005	\$0.00
Dec2004	\$0.00	Dec2004	\$0.00
Dec2003	\$0.00	Dec2003	\$0.00
Dec2002	\$0.00	Balance Sheet Information 10/1/2018	
Dec2001	\$0.00	Total Current Assets	\$9,107,000,000
Dec2000	\$0.00	Total Current Liabilities	\$2,338,000,000
Dec1999	\$0.00	Long-Term Debt	\$17,493,000,000
		Total Assets	\$50,124,000,000
		Intangible Assets	\$37,675,000,000
		Total Liabilities	\$23,467,000,000
		Shares Outstanding (Diluted Average)	425,000,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor. The author 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**
- [Broadcom Inc Valuation – April 2018 \\$AVGO](#)
 - [Broadcom Limited Valuation – July 2016 \\$AVGO](#)
 - [19 Best Stocks For Value Investors This Week – 1/9/16](#)
 - [Avago Technologies Ltd Valuation – January 2016 Update \\$AVGO](#)
 - [The Best Stocks of the IT Hardware Industry – September 2015](#)

- Other ModernGraham posts about related companies**
- [KLA-Tencor Corp Valuation – January 2019 \\$KLAC](#)
 - [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](#)
 - [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](#)