ModernGraham Valuation

Company Name:
Analog Devices, Inc.

Company Ticker	ADI
Date of Analysis	3/15/2019

ModernGraham

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	$40,551,370,837	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.34	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	55.98%	Pass
6. Moderate PEmg Ratio	PEmg < 20	29.32	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.54	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	2.34	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	5.49	Fail
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	$3.75
MG Growth Estimate	11.06%
MG Value	**$114.96**
MG Value based on 3% Growth	$54.43
MG Value based on 0% Growth	$31.91
Market Implied Growth Rate	10.41%

MG Opinion

Current Price	$110.06
% of Intrinsic Value	95.74%
Opinion	**Fairly Valued**
MG Grade	**C+**

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-$22.17
Graham Number	$59.50
PEmg	29.32
Current Ratio	2.34
PB Ratio	3.54
Current Dividend	$1.89
Dividend Yield	1.72%
Number of Consecutive Years of Dividend Growth	15

EPS History		EPSmg History	
Next Fiscal Year Estimate	$5.30	Next Fiscal Year Estimate	$3.75
Oct2018	$3.97	Oct2018	$2.85
Oct2017	$2.07	Oct2017	$2.27
Oct2016	$2.76	Oct2016	$2.33
Oct2015	$2.20	Oct2015	$2.16
Oct2014	$1.98	Oct2014	$2.19
Oct2013	$2.14	Oct2013	$2.21
Oct2012	$2.13	Oct2012	$2.22
Oct2011	$2.81	Oct2011	$2.18
Oct2010	$2.33	Oct2010	$1.84
Oct2009	$0.85	Oct2009	$1.56
Oct2008	$2.67	Oct2008	$1.83
Oct2007	$1.50	Oct2007	$1.36
Oct2006	$1.48	Oct2006	$1.19
Oct2005	$1.08	Oct2005	$1.00
Oct2004	$1.45	Oct2004	$0.98
Oct2003	$0.78	Oct2003	$0.77
Oct2002	$0.28	**Balance Sheet Information**	**1/1/2019**
Oct2001	$0.93	Total Current Assets	$1,985,180,000
Oct2000	$1.59	Total Current Liabilities	$849,955,000
Oct1999	$0.55	Long-Term Debt	$6,234,517,000
		Total Assets	$21,828,278,000
		Intangible Assets	$16,885,588,000
		Total Liabilities	$10,242,841,000
		Shares Outstanding (Diluted Average)	372,506,000

MG Value and Stock Price

EPSmg

Price and PEmg

Graham Number and Stock Price

Dividend History

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

Analog Devices Inc Valuation – June 2018 $ADI
Analog Devices Inc Valuation – February 2017 $ADI
Analog Devices Inc Valuation – August 2016 $ADI
Analog Devices Inc Stock Valuation – February 2016 $ADI
Analog Devices Inc. Analysis – September 2015 Update $ADI

Other ModernGraham posts about related companies

IPG Photonics Corp Valuation – March 2019 #IPGP
Micron Technology Inc Valuation – March 2019 #MU
Amphenol Corp Valuation – March 2019 #APH
Xilinx Inc Valuation – March 2019 #XLNX
Western Digital Corp Valuation – March 2019 #WDC
Texas Instruments Inc Valuation – March 2019 #TXN
Qualcomm Inc Valuation – March 2019 #QCOM
Ametek Inc Valuation – March 2019 #AME
Advanced Micro Devices Inc Valuation – February 2019 $AMD
Qorvo Inc Valuation – February 2019 $QRVO