

ModernGraham Valuation

Texas Instruments
Incorporated



Company Name:

Company Ticker TXN

Date of Analysis

3/11/2019

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	\$100,084,729,674	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.27	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	131.11%	Pass
6. Moderate PEmg Ratio	PEmg < 20	24.10	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	11.50	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	3.27	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.77	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

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.43
MG Growth Estimate	13.46%
MG Value	\$156.82
MG Value based on 3% Growth	\$64.21
MG Value based on 0% Growth	\$37.64
Market Implied Growth Rate	7.80%

MG Opinion

Current Price	\$106.73
% of Intrinsic Value	68.06%
Opinion	Undervalued
MG Grade	B

Stage 3: Information for Further Research

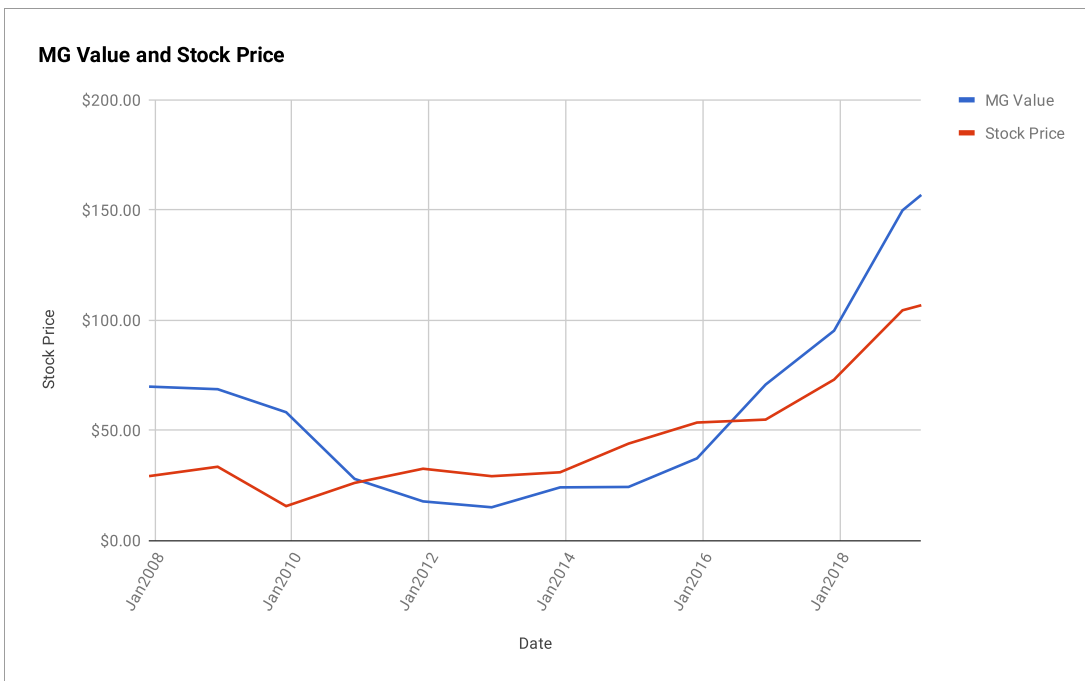
Net Current Asset Value (NCAV)	-\$0.05
Graham Number	\$31.69
PEmg	24.10
Current Ratio	3.27
PB Ratio	11.50
Current Dividend	\$2.63
Dividend Yield	2.46%
Number of Consecutive Years of Dividend Growth	15

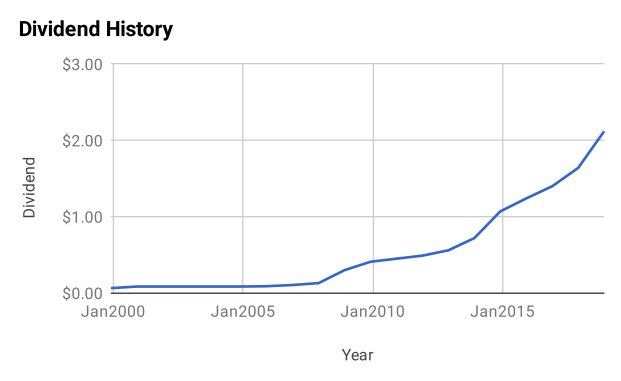
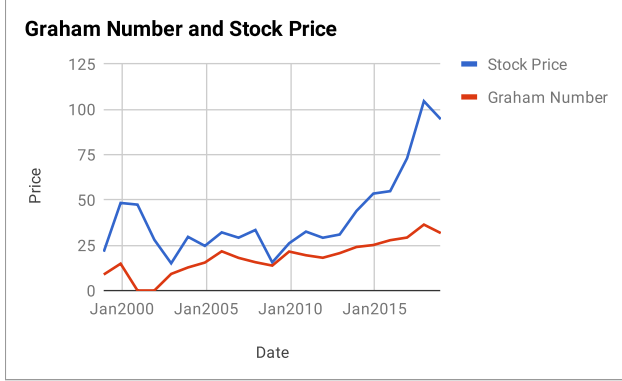
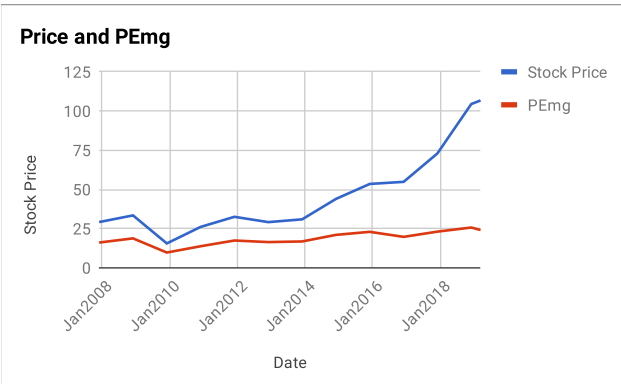
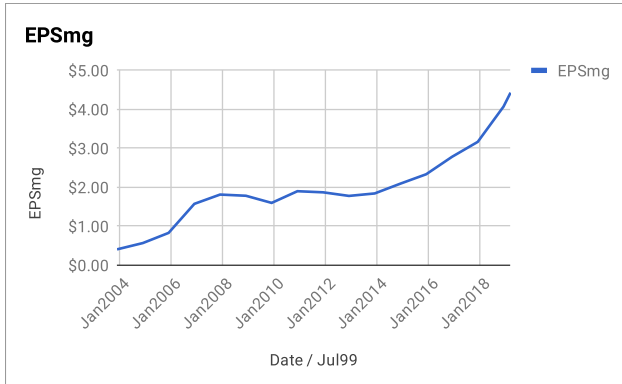
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.69	Next Fiscal Year Estimate	\$4.43
Dec2018	\$5.59	Dec2018	\$4.07
Dec2017	\$3.61	Dec2017	\$3.17
Dec2016	\$3.48	Dec2016	\$2.78
Dec2015	\$2.82	Dec2015	\$2.33
Dec2014	\$2.57	Dec2014	\$2.09
Dec2013	\$1.91	Dec2013	\$1.84
Dec2012	\$1.51	Dec2012	\$1.78
Dec2011	\$1.88	Dec2011	\$1.87
Dec2010	\$2.62	Dec2010	\$1.90
Dec2009	\$1.15	Dec2009	\$1.60
Dec2008	\$1.44	Dec2008	\$1.78
Dec2007	\$1.84	Dec2007	\$1.81
Dec2006	\$2.78	Dec2006	\$1.57
Dec2005	\$1.39	Dec2005	\$0.83
Dec2004	\$1.05	Dec2004	\$0.57
Dec2003	\$0.60	Dec2003	\$0.41
Dec2002	-\$0.20	Balance Sheet Information 12/1/2018	
Dec2001	-\$0.12	Total Current Assets	\$8,097,000,000
Dec2000	\$1.71	Total Current Liabilities	\$2,474,000,000
Dec1999	\$0.83	Long-Term Debt	\$4,319,000,000
		Total Assets	\$17,137,000,000
		Intangible Assets	\$5,079,000,000
		Total Liabilities	\$8,143,000,000
		Shares Outstanding (Diluted Average)	969,000,000





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**
- [Texas Instruments Inc Valuation – May 2018 \\$TXN](#)
 - [5 Best Stocks for Value Investors This Week – 2/18/17](#)
 - [Texas Instruments Inc Valuation – February 2017 \\$TXN](#)
 - [Texas Instruments Inc Valuation – August 2016 \\$TXN](#)
 - [15 Best Stocks For Value Investors This Week – 2/13/16](#)

- Other ModernGraham posts about related companies**
- [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](#)
 - [FLIR Systems Inc Valuation – February 2019 \\$FLIR](#)
 - [NetApp Inc Valuation – February 2019 \\$NTAP](#)
 - [Applied Materials Inc Valuation – February 2019 \\$AMAT](#)
 - [Microchip Technology Inc Valuation – February 2019 \\$MCHP](#)
 - [Broadcom Inc Valuation – February 2019 \\$AVGO](#)
 - [KLA-Tencor Corp Valuation – January 2019 \\$KLAC](#)