

ModernGraham Valuation

Lam Research
Corporation



Company Name:

Company Ticker LRCX

Date of Analysis

4/3/2019

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	\$29,332,951,738	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.39	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	259.29%	Pass
6. Moderate PEmg Ratio	PEmg < 20	18.10	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	5.34	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	3.39	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.35	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	\$10.63
MG Growth Estimate	15.00%
MG Value	\$409.23
MG Value based on 3% Growth	\$154.13
MG Value based on 0% Growth	\$90.35
Market Implied Growth Rate	4.80%

MG Opinion

Current Price	\$192.35
% of Intrinsic Value	47.00%
Opinion	Undervalued
MG Grade	B-

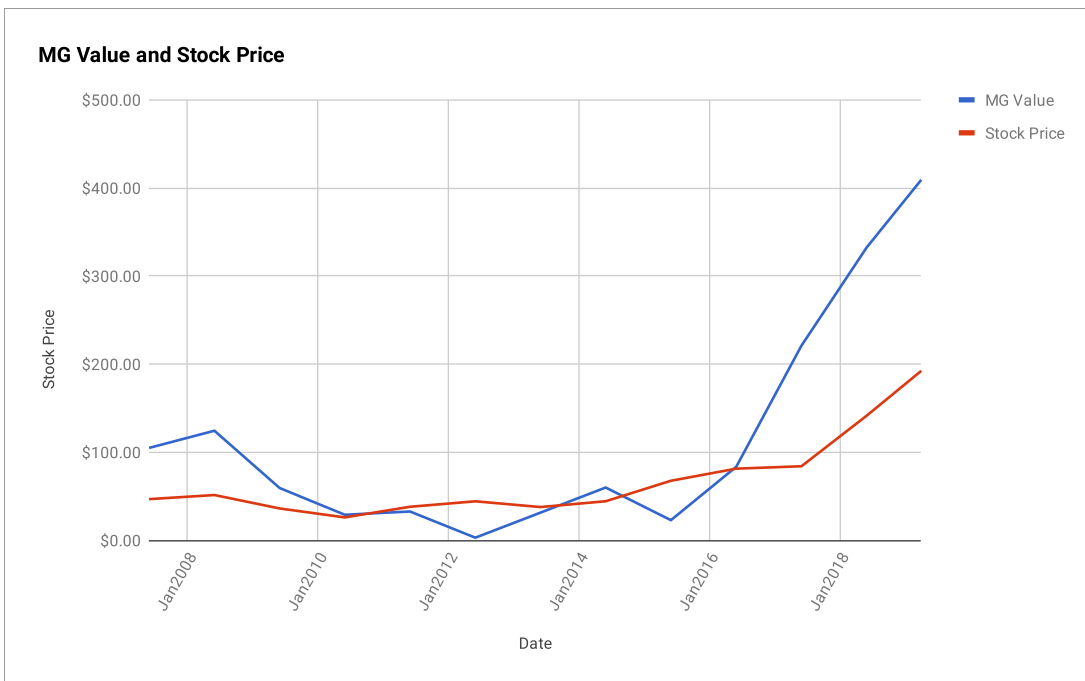
Stage 3: Information for Further Research

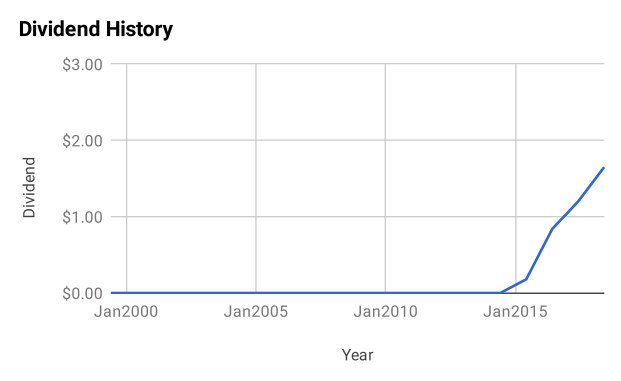
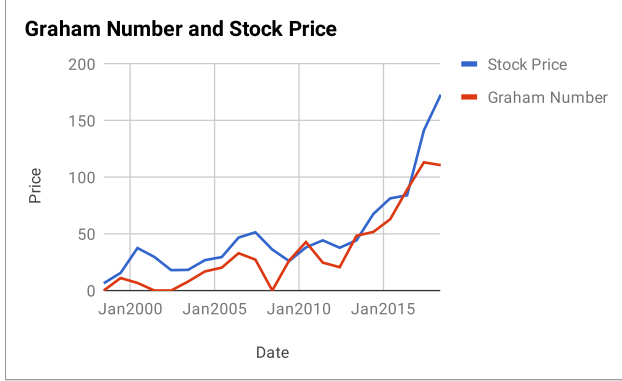
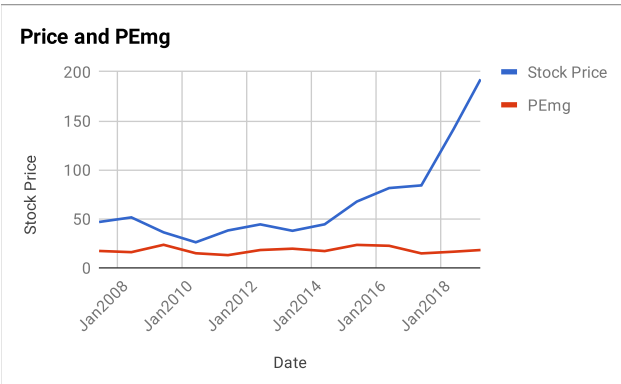
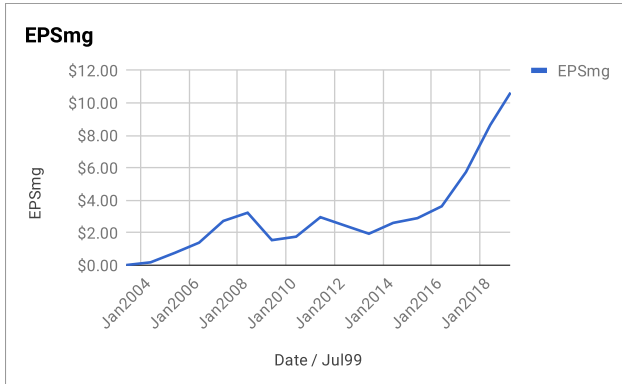
Net Current Asset Value (NCAV)	\$14.98
Graham Number	\$110.67
PEmg	18.10
Current Ratio	3.39
PB Ratio	5.34
Current Dividend	\$2.55
Dividend Yield	1.33%
Number of Consecutive Years of Dividend Growth	5

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	\$12.98	Next Fiscal Year Estimate	\$10.63
Jun2018	\$13.17	Jun2018	\$8.63
Jun2017	\$9.24	Jun2017	\$5.74
Jun2016	\$5.22	Jun2016	\$3.63
Jun2015	\$3.70	Jun2015	\$2.90
Jun2014	\$3.62	Jun2014	\$2.61
Jun2013	\$0.66	Jun2013	\$1.94
Jun2012	\$1.35	Jun2012	\$2.45
Jun2011	\$5.79	Jun2011	\$2.96
Jun2010	\$2.71	Jun2010	\$1.76
Jun2009	-\$2.41	Jun2009	\$1.54
Jun2008	\$3.47	Jun2008	\$3.23
Jun2007	\$4.85	Jun2007	\$2.72
Jun2006	\$2.33	Jun2006	\$1.39
Jun2005	\$2.09	Jun2005	\$0.76
Jun2004	\$0.54	Jun2004	\$0.18
Jun2003	-\$0.06	Jun2003	\$0.01
Jun2002	-\$0.71	Balance Sheet Information 12/1/2018	
Jun2001	\$0.39	Total Current Assets	\$7,355,845,000
Jun2000	\$1.53	Total Current Liabilities	\$2,166,837,000
Jun1999	-\$0.98	Long-Term Debt	\$1,813,190,000
		Total Assets	\$10,768,458,000
		Intangible Assets	\$1,736,468,000
		Total Liabilities	\$4,927,086,000
		Shares Outstanding (Diluted Average)	162,170,000





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**
- [Lam Research Corp Valuation – June 2018 \\$LRCX](#)
 - [Lam Research Corp Valuation – September 2017 \\$LRCX](#)
 - [12 Best Stocks For Value Investors This Week – 7/1/16](#)
 - [Lam Research Corp Valuation – June 2016 \\$LRCX](#)
 - [19 Best Stocks For Value Investors This Week – 1/9/16](#)

- Other ModernGraham posts about related companies**
- [Skyworks Solutions Inc Valuation – March 2019 #SWKS](#)
 - [Garmin Ltd Valuation – March 2019 #GRMN](#)
 - [Hewlett Packard Enterprise Co Valuation – March 2019 #HPE](#)
 - [Fortive Corp Valuation – March 2019 #FTV](#)
 - [Analog Devices Inc Valuation – March 2019 #ADI](#)
 - [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](#)