Stock Valuation: A Case Study of Texas Instruments

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Abstract

Purpose

The paper is an attempt to analyze a company (Texas Instruments Inc.) and the intrinsic value of its stock from Warren Buffet’s perspective. In addition, we provide a simple test of the semi-strong form of the Efficient Market Hypothesis (EMH) by using only the public data available for the company to calculate the intrinsic value of its stock.

Methodology

We used the main financial statements of Texas Instruments (TI). In order to gain a better understanding of the data, we did a long-term analysis (2008-2017, or 10 years) of the balance sheet, the income statement and the statement of cash flows. Furthermore, we used the Warren Buffett Accounting Book for rules of thumb (or heuristics) to transform the data into information suitable to our buy/sell/hold analysis.

Findings

First, we provide an overall view of Texas Instrument’s performance during the 10-year period ending on 12/31/2017. Concerning internal factors, TI’s operating efficiency kept improving and remains within good standards. Concerning external factors, TI is engaged in philanthropy and other
activities. As of 2017, the company’s stock was undervalued, which means that it was a good buy. This finding provides evidence against the semi-strong form of the Efficient Market Hypothesis (EMH) that claims security prices incorporate all public information. However, some weaknesses have been found in our study. Those were at the internal level, which are ethics and current ratios.

**Originality/Value**

This paper presents a simple evaluation of the semi-strong form of the EMH for one particular stock as opposed to a portfolio of stocks often tested in the finance literature. In addition, we incorporate the specific methods claimed to be used by Warren Buffet which is not usually discussed in typical finance textbooks. We accomplish this through a SWOT analysis and by integrating financial as well as non-financial measures in our analysis.

### I. Introduction

With recent technological breakthroughs, it has become easier than ever to invest money by a simple click on the Internet. People use broker houses, dealers and many other similar techniques. Some decide to do the work by themselves. In order to invest, people need to understand, most importantly, finance, accounting, investing, and other business fields. According to Corporate Financial Institute, finance is defined as “the management of money and includes activities like investing, borrowing, lending, budgeting, saving, and forecasting” (CFI, 2017). In addition, investment, which is a subset of finance, would be defined as a purchase of monetary goods/items/assets that are not consumed today, but are used in the future to create wealth (income/appreciation). An investor must clearly understand these business concepts in order to get good stocks/bonds or any other financial security in his/her portfolio. Investors might look at growth industries, which are ones where sales and growth are consistent and over-average. Recently, those are biotechnology, telecommunications, technology, and others. We focused on one company of the technology field. This company was Texas Instruments, Inc. (TI hereafter). Created 85 years ago, it was originally an oil and gas company. Over the years, it shifted to the semiconductor business (technology). According to the company’s website, “[Today] we’re a global Fortune 500 technology company with more than 30,000 employees, nearly 100,000 products and more than 40,000 patents to our name” (TI, 2017). In this paper, we use the *Warren Buffet Accounting Book* (Brodersen & Pysh, 2014) as a resource to evaluate and analyze a company in the tech industry. This book provided us enough information and guidelines to accompany what we learned from our undergraduate financial decision-making course (BUS-F302) in evaluating TI through significant financial (e.g., profitability ratios) and non-financial measures (e.g., compensation packages). Our goal is to estimate the intrinsic value of TXN’s 2017 stock per share from Warren Buffet’s perspective as detailed in the book *Warren Buffet Accounting Book* (Brodersen & Pysh, 2014), and subsequently, to test of the semi-strong form of the Efficient Market Hypothesis (EMH) for a specific company. The previous literature on testing the semi-strong EMH has mostly focused on the overall market index. What distinguishes our paper is that we test the EMH using only one company, which is TI. It is also significant to note that we only used the public data available for the company to calculate the intrinsic value of its stock. Our results would lead to recommend an action to investors: Buy, sell or hold stocks from TI as of 2017. By the same token, there is a major finding that our evaluation of the literature yielded. Indeed, after calculating the intrinsic value for TXN as of December 31, 2017, we concluded that the company’s stock was undervalued in December 2017. It meant that TI’s stock was a bargain purchase for investors. This is simply explained by the fact that the fair value (or intrinsic value) was 2.3585 times greater than the market value at this point of time (12/31/2017). In other words, the stock should have been 2.36 times more valuable on the market. Those findings provided evidence against the semi-strong form of the Efficient Market Hypothesis (EMH) that claims security prices incorporate all public information and adjust quickly. Next, for the plan of our study, we proceeded as the follows: First, in order to do a qualitative analysis of TI, we performed a Strength-Weakness-Opportunity-Threat (SWOT) analysis based on our results through research and our own calculations. Then, we provide a buy-or-sell recommendation based on our detailed quantitative and qualitative analysis of the company. We will base our recommendation on our established criteria set by the Warren Buffet’s book and what we infer from our SWOT analysis. Finally, we conclude by presenting the limitations of our research and implications for future studies.

### II. SWOT Analysis Based on Results:

While SWOT analysis is usually performed using qualitative data, in this study, we focus on both qualitative and quantitative data (mainly financial measures). According to the Small Business Association of Michigan, this approach is permissible. For example, this website suggests using profitability ratio, debt-to-equity ratio, and financial leverage for internal factors.

#### 1. Strengths: Which Texas Instruments’ business processes are successful?

The first strength that we determined from our analysis was the debt-to-equity ratio (D/E). D/E is a debt-utilization ratio, and this type of ratio is a measure of how much credit Texas Instruments was using compared with how much they had available. According to the *Warren Buffet Accounting Book*, investors should look for companies with low D/E ratio. A rule of thumb is that D/E should be lower than 0.50 or 50% (Brodersen & Pysh, 2014).

The chart shows that TI over the long run stayed below 50%, except in the period 2011-2012. We can also observe that, as of Dec 31, 2017, the debt-to-equity (D/E) ratio of TI was 0.39. Furthermore, the D/E ratio of its industry, which is technology, was 0.60 (MacroTrends, 2017). TI, as of 12/31/2017, would meet this requirement of D/E <= 50%. It is also significant to remember that some industries generally have higher (or lower) D/E ratios. In the case of the technological industry, according to historical data (from 2013 to 2017), the industry D/E ratio has been four out of five times below 50%. Therefore, the technology industry has generally lower D/E ratios. Moreover, when we compare the company’s D/E ratio with that of its industry, we notice that it is significantly lower. Indeed, there is a difference of 21 percent. D/E comparisons indicate that TI’s management understands the efficient investing method of not having a high amount of debts. This allows Texas Instruments to possess flexibility and adaptability for the future. Therefore, the debt-to-equity ratio is characterized as a strength for the purposes of our analysis.

The second strength we found from our research was a profitability ratio. It is the Return on Equity (ROE). We conducted a DuPont Analysis. It analyzes ROE by the means of the profit margin (operating efficiency), the asset turnover (asset utilization efficiency), and equity multiplier (leverage factor). According to Investing Answers, DuPont Analysis allows analysts to determine the strengths and weaknesses of the company under these three factors: Profit Margin (PM), Asset Turnover (AT) and, Equity Multiplier (EM). ROE calculates how much money TI can make with each dollar invested (Investing Answers, 2018). To find the ROE by the means of the DuPont Analysis, we multiply the three ratios together PM, AT and, EM. We found the financial information on the company’s website in order to calculate these ratios. In the case of the DuPont Analysis, we used both the income statement and 12/31/2017 balance sheet (Financial Summary Data, 2017). According to Warren Buffett Accounting, a rule of thumb is to have ROE >= 8% (Brodersen & Pysh, 2014). In this way, we are looking for the ROE to be at least >= 8% and to remain consistent with past years’ growth. Looking at the following table, we notice not only that Texas Instruments kept an 8% greater ROE, but it kept increasing over the years. Therefore, this would be an indicator of a company staying on course and that is becoming more and more profitable over time, at least for now. ROE is considered another strength of TI under our analysis.

<table>
<thead>
<tr>
<th>Years</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>PM</td>
<td>0.2428</td>
<td>0.2227</td>
<td>0.2689</td>
<td>0.2463</td>
</tr>
<tr>
<td>AT</td>
<td>0.7189</td>
<td>0.8145</td>
<td>0.8177</td>
<td>0.8239</td>
</tr>
<tr>
<td>EM</td>
<td>1.5270</td>
<td>1.6388</td>
<td>1.5889</td>
<td>1.7067</td>
</tr>
</tbody>
</table>

\[
\text{Average ROE (2014-2017):} \quad 21.15\%
\]

One main aspect to watch for can be said to be debt management. Keeping a balanced cash in and out flow as well as healthy capital structure, one that the company can sustain, is especially important. Obviously, the company is known to issue stock equity as a way of raising funds. Keeping debt to a minimum is important but also sometimes necessary for a couple of reasons, “to own a particular asset right now in order to earn more business or [to] remain competitive within their industry” (Brodersen and Pysh, 2014). Gaining a leg up is a good starting point, but companies must be able to continue to maintain certain advantages to beat out competition. Debt management is crucial given that it has various parts. When soliciting for monetary resources, a company must be careful to take on only a manageable amount. Another possible form of debt may come from failing to collect, which was covered in more detail in the paper. On Stock Analysis Net, the price/book value is found to be at 9.89 for the year ending 2017. If we look at the data provided on the website, we can notice that since 2005, the book value per share has grown at a consistent rate up to 2017. The overall price to book value, though, has fluctuated throughout that same time span, probably due to the change in stock price over the years. This demonstrates that company’s stability and aids risk averse investors as stated in Warren Buffett Accounting (Pysh & Brodersen, 2014).

Moreover, another factor that we consider as a strength for TI was its strong ethical guidelines. Ethics are an important determinant in the success of a company. When an investor is looking at companies which he/she desires to invest in, he/she will most likely look at price-earnings ratio, risk (beta), accounting practices, and other characteristics. Quality of management is also another factor that should be taken into consideration. And this quality of management is in part the result of the application of strong ethical guidelines. According to Texas Instruments’ Code of Conduct, “TI’s high ethical standards have served our people, our customers, our communities and our business. And, to ensure we continue to operate with such high standards, each employee should be knowledgeable about our ethical standards and Code of Conduct and behave accordingly.” Also, the three main values that they abide by are innovation, integrity, and commitment (Code of Conduct: Our values and ethics, 2015). Investors need to be assured that the management of the companies they invest in is professional and ethical. TI has most of the time proven its ethical ability. Therefore, application of ethical behavior can be considered as a strength of TI. We should, however, note that TI encountered, at some point in its history, upper management...
unethical behavior. This matter will be discussed later in the section “weaknesses” of our SWOT analysis.

Furthermore, TI has been using its free-cash-flows efficiently. In 2017, TI had a target of 20-30 percent of revenues to be free cash flow. By the end of the year, 31.2 percent of their revenues were free cash flows, which amounted to $4.7 billion (About TI: Capital Management Strategy, 2018). Also, in 2017, their FCF increased by 15.7 percent. According to Rich Templeton, chairman, president and CEO, “The ultimate measure for any enterprise is superior long-term growth of free cash flow” (TI, 2017). Strong FCFs can be interpreted as a strength of TI, as of 2017.

TI’s pay was very high, and this could be a factor that drives managers’ performance. According to Glassdoor, the average pay for TI managers was $132,000 in July 2017 (Glassdoor, 2017). There was also some additional pay: cash/stock bonuses, and profit sharing, which could cumulate to $40,000. Also, TI managers’ salaries were ranked as the 18th best in the technology industry in 2017 (Bort, 2014). Most professionals would agree that stellar and experienced managers are crucial for organizational success, regardless of company size, industry, or corporate strategy. The question is how to motivate those managers. Offering employees performance-based incentive pay is one common approach (Bort, 2014). In the case of TI, since this company seems well managed, we can deduce that the pay is one of the many motivators of managers’ good performance. High managers’ salary range was considered as a strength under our analysis.

When choosing a company to invest in, especially when it comes to the long run, one must ensure that those running the company have righteous goals. Are those in control of operations and management in it for the good of the company or simply for personal gain? Are they forward thinkers, or do they only have a short-term lens? Determining the driving factors and incentives in place aid in deciding not only the financial potential of the company but also the ethics and values around which the company is run. There are multiple factors that characterize vigilant leaders.

2. Weaknesses: Which Texas Instruments’ business processes need improvement?

Texas Instruments’ actual current ratio is 3.87, which is well over the suggested 2.5. Out of the eight competitors listed on Stock Analysis Net, it is ranked in fourth place and as far as the technology industry, it measures up to be considerably higher for over ten years straight (Stock Analysis Net, 2017). At first glance, it may seem as though a higher than industry ratio is a good thing, and it could be, but there is room for concern when it is too high. When other aspects of the company are doing well, it is conflicting, almost misleading, as to how this number measures up or how significant it may be. Often the trouble is not in how much revenue the company brings in, but in how and where it spends those earnings. In this case, TI’s current ratio is above the desirable average of 2.5. “A higher current ratio may indicate bad money management due to an inability to collect payment from vendors” as mentioned in Warren Buffett Accounting (Pysh & Brodersen, 2014). This number is a sign that the company has a consistent problem with balancing its account receivables, which then also signals that it may not be keeping up with its short-term debt obligations.

One way to start deciding whether a company is ethically driven is to investigate compensation packages for upper management. A common package structure is a base salary, bonus bundles, and sometimes profit sharing. This can lead way to manipulation, unrealistic goal setting, and short-term encouragement to drive up sales. It is stated in the book Warren Buffett Accounting that “as long as the compensation really does measure performance and incentivize future performance” it is acceptable but if it is “based on stock price performance [it] gives management wrong incentives” (Pysh & Brodersen, 2014). When misguided objectives are put in place, it shifts the focus from the long-term incentives of the company only to favor certain individuals. In the case of Texas Instruments, Inc., executive pay is commonly comprises a base wage and a bonus perk. There is a notion that the top most executives benefit from equity in the company. There have been cases in the past where company leaders have been questioned on questionable money handling. TI was quick to terminate those individuals and they have always handled said situations discreetly. No company is error proof, but TI does have a good track record and has often been named in the top ethical companies (Kauflin, 2017). To be considered for the list, companies must fill out a detailed questionnaire on its ethical business operations. Those questions cover culture, corporate governance, leadership, reputation, and historical litigation, among other things.

3. Opportunities: Do customers think highly of Texas Instruments?

Some of TI, Inc.’s competitors are Linear Technology (LLTC) and Analog Devices (ADI). They too produce chips for tech industries. What makes TI different, better, or worse though? Some research led us to find that TI oftentimes has a first mover advantage, meaning other companies follow and mimic their creations. In an article titled “5 Eye Opening Things Texas Instrument Inc. Management Wants You to Know,” it was reported that TI has, “the broadest portfolio in the industry..., very low-cost manufacturing..., [and an] extremely diverse set of markets.” This shows how well placed they are on many fronts (Bylund, 2013). TI does an efficient job at branching out to different markets. In this way, they sustain competitive advantage. They have invested in aerospace, personal and education technology, the automotive industry, infrastructure, along with others. They allow for quite a bit of research and development opportunities and have various distribution channels. Strategic partnerships are a priority not only with other companies but also within schools that enable them to reach brand recognition with people as young as grade school students. This serves both a marketing and philanthropic purpose given that they promote their name and create brand awareness. They often invest in youth programs, more specifically STEM (Science, Tech, Engineering, and Mathematics) programs. Detailed information is found directly on the company’s website, but it gives insight into their efforts in remaining competitive. TI’s philanthropy tactics,
as stated above, can be observed through their strategic partnerships with other companies as well as with schools, enabling their consumer markets to gain easier access to their products. In return, this creates their consumer market as advocates of their brand, increasing brand equity as well as sales indirectly.

In addition to Texas Instruments’ philanthropic tactics, TI’s effective tax rate has fluctuated, which can directly affect the minimization of taxes. Per review of Texas Instruments financials, the effective tax rate for the current fiscal year (FY) 17 has a 39 percent effective tax rate compared to the quarterly. The fluctuation of the effective tax rate over the quarterly review of the tax rate breakdown, revealed the tax rate going as low as 12 percent and going as high as 78 percent in quarter 4 of 2017. The lowest annual tax effective rate was found in December 2013 with 21.5 percent (CSI Market, 2017). The higher the effective tax rate, the more taxes that will be paid on short term investments for Texas Instruments, since those less than a yearlong will be taxed as ordinary income or the effective tax rate. Investing in long term assets will essentially lower the possible taxation on the investment, because long term capital gains are taxed no higher than the 15 percent tax bracket instead of following the effective tax rate.

Texas Instruments P/E ratio was calculated by taking the nearest price divided by the EPS ratio that is relevant to that specific fiscal year. TI’s trend line reveals that PE ratio peaked in 2009 to 26.90 and dipped in 2008 to 8.53. The P/E has been on a slow steady incline since 2013 to 2017 over the fiscal years. As stated in Warren Buffett Accounting (2014), he recommends investing in companies with a P/E of 15 or less (p. 77). The lower the P/E number, the higher the percentage yield return per dollar invested. In the case of TI, the P/E is obviously above the rule of thumb of 15 but this does not necessarily mean it’s a bad company to invest in. Like previously stated, P/E changes quite often and in researching charts with this information, one can see that the number has historically fluctuated significantly throughout the years. This, of course, is only one of the many ways for evaluating a company’s valuation or an investor’s benefit in investing in any company.

Lastly, per our research and recalculation, when we utilized the average growth rate of 8.40 percent, we calculated the intrinsic value per share to be $246.32. Therefore, TI’s stock price, as of 2017, was undervalued. It represented a favorable price ratio for TI, therefore, making this an overall good buy for TI. Upon reviewing the information of the intrinsic value per share versus the actual market value per share, it has been found that the market value was $104.44 per share, according to Google finance, as of December 2017. By just using the information of the intrinsic value per share versus the market value price per share, the stock should be bought. One would be paying $104.44 per share, when its “true” value is $246.32 per share. In addition, a higher P/E ratio in most cases suggests that a company has higher growth options and consequently higher opportunities. Our analysis above supports this notion for TI.

### Table: Intrinsic Value per Share

| Intrinsic Value of Equity | $428,797 million |
| Shares Outstanding       | 1,741 million   |
| Intrinsic Stock Price    | $246.32         |

**Figure 4 - Intrinsic Value per Share with g=8.40%**

4. **Threats:** Are there market trends that could become a threat?

Per review of Texas Instruments’ SWOT analysis and related markets, we noted TI facing a great amount of threats. The first threat to TI’s success is the rising raw material cost, which can directly pose a threat to their profitability. The next threat would be the shortage of skilled workers in global markets. This shortage of skilled workers means there will be fewer workers able to work through the technical innovation that TI has to keep up with in their unpredictable market. The third threat would be the rising pay level of minimum wage, such as $15 an hour, and the increasing prices in China, which can eventually affect TI’s net income because of an increase in wage expenses. One of the more obvious and most detrimental threats, is the new technologies developed by TI’s competitors. This can affect TI directly because of their market industry. If TI does not stay on top of the technical innovations in their market, it can negatively affect TI’s brand name and equity if they do not continue to change. In addition, TP’ is threatened by its exposition of currency fluctuations (transaction exposure) due to the different economic markets that they are in all over the country (Strategic Management Department, 2018). In conclusion, the last and one of the more significant threats we noticed in our recalculation was that when we utilized the conservative growth rate of 2.5 percent, we noted that the intrinsic value per share of $39 rounded. So TI’s stock price would have been overvalued when compared with the market price, which was $104.44 per share (Google Finance, 2018). Per our calculations below, we came to the conclusion that, having the growth rate at 2.5 percent would make buying this stock a bad buy. One would be paying $104.44 per share, when its “true” value is $38.54 as found in our own calculations.

### Table: Intrinsic Value per Share

| Intrinsic Value of Equity | $67,085 million |
| Shares Outstanding       | 1,741 million   |
| Intrinsic Stock Price    | $38.54          |

**Figure 5 - Intrinsic Value per Share with g=2.50%**

III. Recommendations (Buy/ Hold/ Sell) Based on Results and Warren Buffett Accounting Book

1. Criteria

<table>
<thead>
<tr>
<th>Criteria #</th>
<th>Criteria Title</th>
<th>What They Mean</th>
<th>2017 TI's Information</th>
<th>Benchmarks</th>
<th>TI's Position</th>
<th>Good or Bad</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>D/E</td>
<td>A measure of how much credit Texas Instruments was using compared with how much they had available</td>
<td>1.04x1</td>
<td>&lt; 2%</td>
<td>Good</td>
<td>Good or Bad</td>
</tr>
<tr>
<td>2</td>
<td>ROE</td>
<td>A measure of operating efficiency, asset utilization efficiency, and leverage factor</td>
<td>35.62%</td>
<td>&gt; 18%</td>
<td>Good</td>
<td>Good or Bad</td>
</tr>
<tr>
<td>3</td>
<td>Current Ratio</td>
<td>A measure of company's ability to pay short-term and long-term obligations</td>
<td>1.87</td>
<td>&gt; 1.5X AND &gt; 2.5X</td>
<td>Good or Bad</td>
<td>Good or Bad</td>
</tr>
<tr>
<td>4</td>
<td>Management</td>
<td>A measure of how management behaves ethically and professionally</td>
<td>Good</td>
<td>Good Ethics</td>
<td>Good or Bad</td>
<td>Good or Bad</td>
</tr>
<tr>
<td>5</td>
<td>Dividends</td>
<td>A measure of how ICP is used</td>
<td>31.2%</td>
<td>Efficient</td>
<td>Good or Bad</td>
<td>Good or Bad</td>
</tr>
<tr>
<td>6</td>
<td>P/E</td>
<td>A measure of current investor demand for a company's stock</td>
<td>24.49</td>
<td>15%</td>
<td>Good or Bad</td>
<td>Good or Bad</td>
</tr>
<tr>
<td>7</td>
<td>Market/ Valuation</td>
<td>A measure of the value of TI stock based on the price that could be paid for it if it were sold in December 2017</td>
<td>$246 intrinsic Value per share</td>
<td>Undervalue</td>
<td>Good or Bad</td>
<td>Good or Bad</td>
</tr>
</tbody>
</table>

2. Decision/ Recommendation

After an in-depth analysis, we came up with the final decision that the right investing idea was to purchase stock from Texas Instruments in December 2017. It did grade out positive in five of the seven criteria that we established for our decision. In addition, the two factors from our criteria that were not favorable for TI can be corrected. Per review of their financial statements, we can assert TI does have enough leverage to cover their debts and obligations as one can see from the yearly increasing ROE. From our point of view, the management might need to focus on these two issues: current ratio, and P/E ratio. Concerning the positive points, the intrinsic value of the company is worth two times more than the stock is going for right now. TI's intrinsic value at $246 per share is severely undervalued at $104.44 per market share. Take this information coupled with a company that is not afraid to pay its managing staff and has a competitive advantage in the market. TI has a great brand name, and the company is committed to continue to give stockholders increasing returns. Also, the increasing dividend payout leads us to believe that the company is still growing and has not fully matured yet.

3. Reasons

<table>
<thead>
<tr>
<th>Number of “good” criteria (out of 7)</th>
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<tbody>
<tr>
<td>Number of “bad” criteria (out of 7)</td>
<td>2</td>
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<tr>
<td>Results =&gt;</td>
<td>5 good versus 2 bad</td>
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IV. Conclusions, Limitations & Implications

While Texas Instruments is not a perfect company, they are a solid company that gives out increasing dividends, a steadily rising ROE, gives back to the community, and have a high intrinsic value. We evaluated the last ten years for the purpose of our research. TI has been a solid company through some economic hard times. They have been able to consistently increase their ROE at a rate of 35.62 percent, which is far greater than the 8 percent benchmark recommended in Warrant Buffett Accounting. Also, their dividend payouts have steadily risen these last ten years. Their 2017 debt-to-equity is at 39 percent, which is under the recommended 50 percent. Moreover, TI has made a point to give back to the community in the form of STEM programs as previously discussed. A corporate sense of ‘social responsibility’ is shown to often enhance the brand’s name and customer loyalty.

Texas Instruments has an unfavorable current ratio to keep an eye on, which is the measure of the company’s ability to pay back short and long-term obligations. Warren Buffett Accounting says that the current ratio should be greater than 1.5 percent and less than 2.5 percent (Brodersen and Pysh, 2014). TI is sitting right at 3.87 percent, concerning its current ratio, and that number is too high. This might mean that TI is not good at paying its debts, which is unfavorable from the investor’s perspective. However, we feel that their current ratio can be improved by better management of current assets and liabilities. Indeed, the high ROE and high dividend payout might mitigate the effect of high current ratio. One thing to consider with the less than desirable current ratio is that TI pays their managing team well with bonus and they also reinvest in the company at a high rate. Another point to highlight would be the amount invested in the community as a reason for the higher current ratio and where some of these funds are going. Furthermore, TI’s December 2017 P/E ratio is a little higher than one would like; it is at 24.49 percent when the benchmark would be less than 15 percent (Brodersen and Pysh, 2014). TI’s appears to be too high, but after finding the company’s intrinsic value, it is less concerning. It is important to remind readers that our criteria list is not exhaustive. Therefore, some additional points might bring them to a different decision. However, for future studies, our research represents a good beginning for further research on TI’s stocks.

V. References


III.

Communication Studies