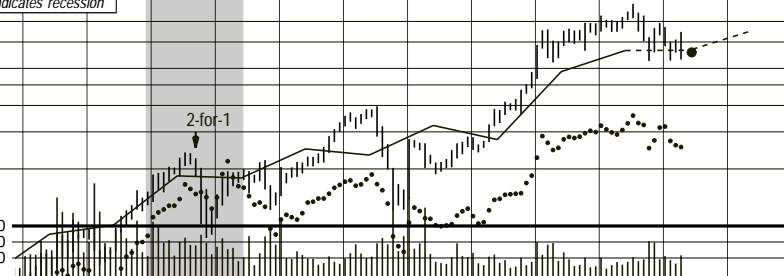


TIMELINESS 4 Lowered 3/25/16	High: 8.4 22.9 31.7 47.9 44.1 66.6 79.4 57.0 115.0 197.4 242.4 188.3	Target Price Range 2019 2020 2021
SAFETY 3 Raised 2/27/09	Low: 3.4 6.9 14.1 18.8 23.3 29.8 25.6 28.7 48.0 106.8 130.0 127.1	400 320 200 160 120 100 80 60 40
TECHNICAL 3 Raised 4/29/16	LEGENDS --- 40.0 x "Cash Flow" p sh ... Relative Price Strength 2-for-1 split 9/08 Options: Yes Shaded area indicates recession	
BETA .90 (1.00 = Market)		
2019-21 PROJECTIONS		
Price	Ann'l Total	
High 330 (+130%)	Return	
Low 220 (+55%)	23%	
	12%	
Insider Decisions		
J A S O N D J F M		
to Buy 0 0 0 0 0 0 0 0 0		
Options 7 4 6 4 2 12 4 3 14		
to Sell 13 7 7 2 5 6 2 4 9		
Institutional Decisions		
2Q2015 3Q2015 4Q2015	Percent shares traded	
to Buy 292 277 311	60	
to Sell 247 280 295	40	
Hld's(000) 139806 140044 146619	20	



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	© VALUE LINE PUB. LLC 19-21
Sales per sh	1.97	3.31	4.73	5.58	7.07	8.65	9.27	11.13	12.96	15.14	16.30	20.00	31.45
"Cash Flow" per sh	.49	.54	.93	.91	1.25	1.17	1.61	1.38	2.89	3.64	3.65	4.55	8.20
Earnings per sh ^{AB}	.41	.41	.64	.61	.87	.62	1.13	.90	2.37	3.10	3.10	3.75	7.20
Div'ds Decl'd per sh	--	--	--	--	--	--	--	--	--	--	Nil	Nil	Nil
Cap'l Spending per sh	.16	.22	.49	.43	.39	.64	.56	.62	.74	.97	1.20	1.25	1.50
Book Value per sh ^D	2.64	3.72	7.01	7.23	9.38	8.81	10.64	12.00	10.18	12.61	15.40	22.65	34.20
Common Shs Outst'g ^C	93.72	110.79	121.08	119.48	127.63	122.04	123.94	127.72	143.63	146.58	149.50	152.00	155.00
Avg Ann'l P/E Ratio	37.9	53.1	55.9	56.7	52.0	91.5	40.8	81.4	69.6	62.0	Bold figures are Value Line estimates		38.0
Relative P/E Ratio	2.05	2.82	3.36	3.78	3.31	5.74	2.60	4.57	3.66	3.13			2.40
Avg Ann'l Div'd Yield	--	--	--	--	--	--	--	--	--	--			Nil
Sales (\$mill)	184.6	366.8	573.2	666.3	902.7	1055.5	1148.5	1421.2	1861.4	2219.8	2440	2800	4875
Operating Margin	23.8%	19.3%	25.7%	25.2%	27.1%	29.0%	27.8%	23.8%	35.5%	32.2%	33.0%	36.0%	40.0%
Depreciation (\$mill)	6.1	11.5	27.7	24.5	34.2	55.6	48.2	50.8	61.9	72.7	85.0	95.0	155
Net Profit (\$mill)	40.0	48.5	84.6	83.7	124.9	86.6	151.3	125.3	353.4	461.6	460	570	1115
Income Tax Rate	6.2%	33.7%	34.9%	36.7%	32.6%	34.9%	32.1%	21.3%	21.3%	21.6%	25.0%	25.0%	25.0%
Net Profit Margin	21.7%	13.2%	14.8%	12.6%	13.8%	8.2%	13.2%	8.8%	19.0%	20.8%	18.9%	20.4%	22.9%
Working Cap'l (\$mill)	159.9	397.1	355.3	540.4	723.9	1307.0	1482.5	1295.4	1167.4	1486.3	1450	1500	2000
Long-Term Debt (\$mill)	--	400.0	--	--	--	807.4	805.4	839.3	986.8	1015.6	1000	1100	1200
Shr. Equity (\$mill)	247.3	411.7	848.6	864.2	1197.7	1075.2	1318.6	1533.2	1462.8	1848.6	2300	3200	5300
Return on Total Cap'l	16.2%	6.2%	10.1%	9.8%	10.5%	4.6%	7.1%	6.1%	15.2%	16.8%	14.5%	13.5%	17.5%
Return on Shr. Equity	16.2%	11.8%	10.0%	9.7%	10.4%	8.1%	11.5%	8.2%	24.2%	25.0%	20.0%	18.0%	21.0%
Retained to Com Eq	16.2%	11.8%	10.0%	9.7%	10.4%	8.1%	11.5%	8.2%	24.2%	25.0%	20.0%	18.0%	21.0%
All Div'ds to Net Prof	--	--	--	--	--	--	--	--	--	--	Nil	Nil	Nil

CAPITAL STRUCTURE as of 4/3/16
Total Debt \$1022.6 mill. Due in 5 Yrs \$717.8 mill.
LT Debt \$1022.6 mill. LT Interest \$40.1 mill. (33% of Cap'l)

Leases, Net uncapitalized: \$39.3 mill.
 No Defined Benefit Pension Plan

Pfd Stock None

Common Stock 146,584,000 shs.

MARKET CAP: \$20.9 billion (Large Cap)

CURRENT POSITION

	2014	2015	4/3/16 (\$MILL.)
Cash Assets	636.2	1386.2	1343.1
Receivables	289.5	384.9	402.5
Inventory	191.1	270.8	287.9
Other	772.8	54.9	40.3
Current Assets	1889.6	2096.8	2073.8
Accts Payable	82.6	139.2	154.7
Debt Due	304.3	74.9	--
Other	335.3	396.4	326.6
Current Liab.	722.2	610.5	481.3

ANNUAL RATES

	Past 10 Yrs.	Past 5 Yrs.	Est'd '13-'15 to '19-'21
of change (per sh)			
Sales	35.0%	17.5%	15.5%
"Cash Flow"	--	21.0%	21.0%
Earnings	--	24.5%	22.5%
Dividends	--	--	Nil
Book Value	30.0%	8.0%	19.5%

QUARTERLY SALES (\$mill.)

Cal-endar	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2013	331.0	346.1	356.8	387.3	1421.2
2014	420.8	447.6	480.6	512.4	1861.4
2015	535.6	539.4	553.2	591.6	2219.8
2016	571.8	600	620	648.2	2440
2017	665	690	715	730	2800

EARNINGS PER SHARE ^{AB}

Cal-endar	Mar.Per	Jun.Per	Sep.Per	Dec.Per	Full Year
2013	d.14	.26	.22	.56	.90
2014	.40	.31	.63	1.03	2.37
2015	.92	.69	.79	.70	3.10
2016	.60	.66	.82	1.02	3.10
2017	.85	.88	.95	1.07	3.75

QUARTERLY DIVIDENDS PAID

Cal-endar	Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2012					
2013					
2014					
2015					
2016					
2017					

NO CASH DIVIDENDS BEING PAID

BUSINESS: Illumina, Inc. develops next-generation tools for large-scale analysis of genetic variation and function, for improving drugs and therapies, customizing diagnoses and treatment, and curing disease. Products include its proprietary *BeadArray* tech., which uses fiber optics to achieve large-scale testing, and its *Oligator* tech., which synthesizes large quantities of oligonucleotides and

Illumina had another major earnings miss. In the first quarter, sales rose 7%, well below the 16% increase expected by Wall Street. The news was much worse on the profit front, as share earnings declined 35%, to \$0.60, versus our expectation of about \$1.00, on a GAAP basis.

The market does not react well when an equity with a very high price-earnings ratio disappoints. In mid-2015, when Illumina was posting impressive results, its stock was trading at \$242 with a P/E that was in the 60s. Following two subpar quarters, the value of the stock has declined more than 40%.

We have slashed our bottom-line estimates. We had expected the maker of equipment used for genetic analysis to post a 23% increase in share earnings this year, followed by a 20% rise next year. We now think per-share earnings will be flat in 2016, and reach only \$3.75 in 2017, \$0.80 less than our prior forecast.

What is the driving force behind Illumina's down quarter? Management has identified two key reasons for the shortfall: orders that were booked were not "recognizable" as income, and instrument

orders that were expected never materialized. Furthermore, after the first quarter concluded, the demand situation deteriorated overseas. According to the company, capacity restraints and the late timing of some orders were partially to blame, so this backlog might eventually be converted into sales. Weaker-than-expected demand for the HiSeq X series in Europe took Illumina by surprise, however.

Despite the recent setback, Illumina remains the dominant global player in a rapidly growing high-tech market. A strong case can be made for Illumina's long-term prospects, in our opinion. For example, the exponential decline in the price of sequencing a gene has opened up a myriad of new markets. As it is the dominant force in this sector, we expect Illumina to be a major beneficiary of the growing demand for genetic analysis.

Patient investors with a contrarian bent willing to live with some volatility might like these untimely shares. Despite the recent setbacks, ILMN may well generate generous returns through 2019-2021.

James A. Flood
 May 20, 2016

(A) Fiscal year ends on Sunday closest to Dec. 31. Quarter end may not be the last day of the month. (B) Diluted earnings. Excludes non-recurring losses and amortization of intangibles: '07, \$5.96; '08, 31¢; '09, 8¢. GAAP earnings as of 2010. Earnings may not sum due to rounding. Next earnings report due late July. (C) In millions, adjusted for stock split. (D) Includes intangibles 4/3/16, \$1.045.6 bill./\$.713 a share.

Company's Financial Strength	A
Stock's Price Stability	15
Price Growth Persistence	90
Earnings Predictability	55

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