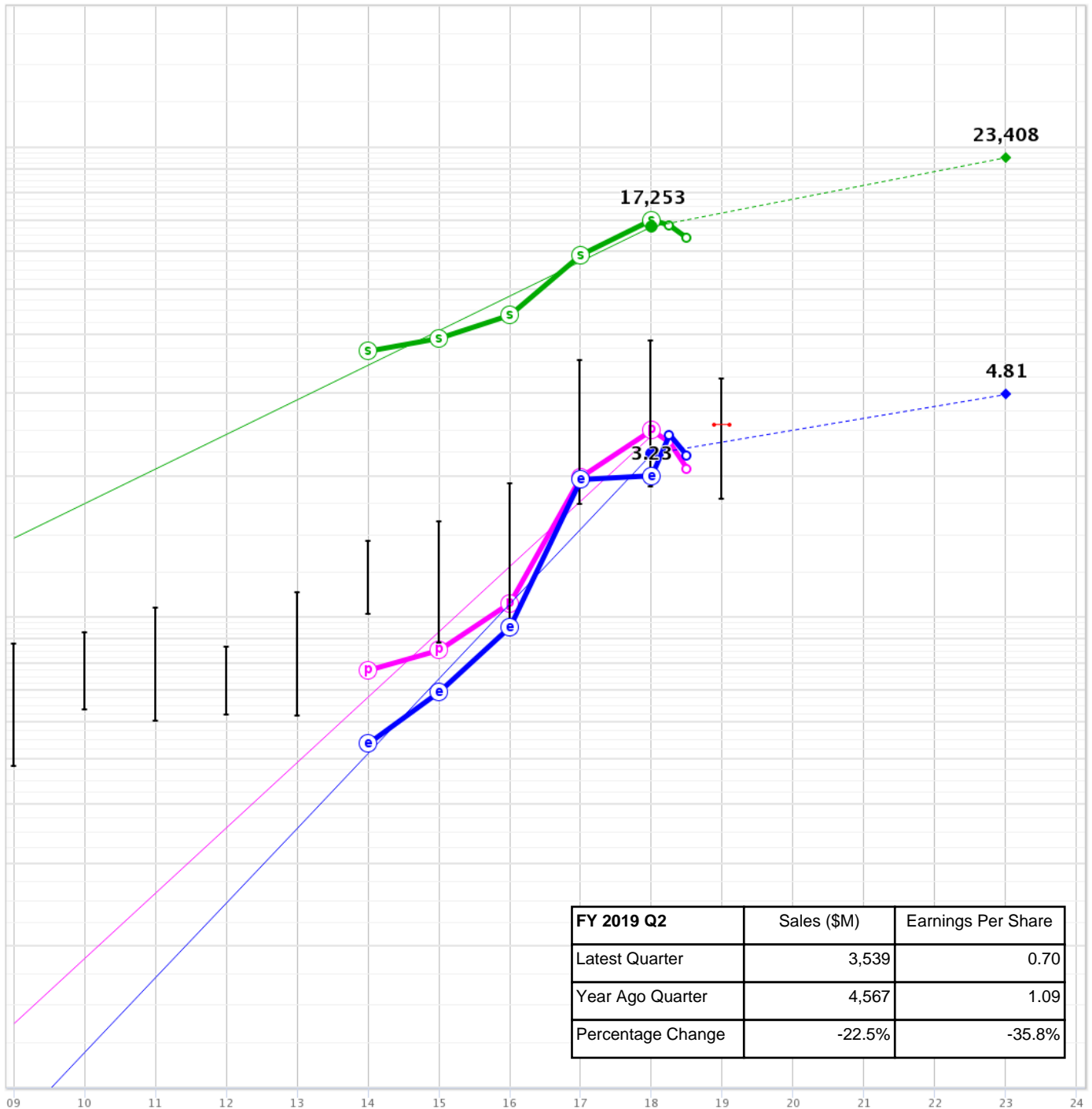


Company	Applied Materials		Date	06/07/19	
Prepared by	Maskey		Data taken from	BI Stock Data	
Where traded	NAS	Industry	Semiconductor Equipment &		
Capitalization --- Outstanding Amounts	Reference				
Preferred (\$M)	0.0	% Insiders	% Institution		
Common (M Shares)	948.0	1.8	98.7		
Debt (\$M)	5,311.0	% to Tot Cap	39.3	% Pot Dil	0.6

Stock Selection Guide

Symbol: AMAT

1 VISUAL ANALYSIS of Sales, Earnings, and Price



- | | | | |
|-----------------------------------|-------|--|-------|
| (1) Historical Sales Growth | 18.5% | (3) Historical Earnings Per Share Growth | 44.3% |
| (2) Estimated Future Sales Growth | 7.0% | (4) Estimated Future Earnings Per Share Growth | 6.0% |

2 EVALUATING Management

Applied Materials

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Last 5 Year Avg.
Pre-tax Profit on Sales	-9.7%	14.5%	22.6%	3.6%	4.7%	16.0%	16.5%	18.6%	25.7%	27.2%	20.8%
% Earned on Equity	-4.4%	12.8%	21.5%	1.5%	3.6%	13.8%	16.3%	24.4%	38.6%	45.8%	27.8%
% Debt To Capital	2.8%	2.7%	18.1%	21.2%	21.5%	19.8%	37.4%	31.7%	36.2%	43.7%	33.8%

3 PRICE-EARNINGS HISTORY as an indicator of the future

This shows how stock prices have fluctuated with earnings and dividends. It is building block for translating earnings into future stock prices.

CLOSING PRICE 41.51 (06/07/19)

HIGH THIS YEAR 51.82

LOW THIS YEAR 28.79

	A	B	C	D	E	F	G	H
Year	Price		Earnings	Price Earnings Ratio		Dividend	% Payout	% High Yield
	High	Low	Per Share	High A / C	Low B / C	Per Share	F / C * 100	F / B * 100
2014	23.5	16.4	0.87	27.0	18.9	0.40	46.0	2.4
2015	25.7	14.3	1.12	23.0	12.7	0.40	35.7	2.8
2016	31.1	15.4	1.54	20.2	10.0	0.40	26.0	2.6
2017	56.8	28.0	3.17	17.9	8.8	0.40	12.6	1.4
2018	62.4	30.5	3.23	19.3	9.5	0.60	18.6	2.0
AVERAGE		20.9		21.5	12.0		27.8	
CURRENT/TTM			3.56			0.84	23.6	
AVERAGE PRICE EARNINGS RATIO: 16.7				CURRENT PRICE EARNINGS RATIO: 11.7				

4 EVALUATING RISK and REWARD over the next 5 years

Assuming one recession and one business boom every 5 years, calculations are made of how high and how low the stock might sell. The upside-downside ratio is the key to evaluating risk and reward.

A HIGH PRICE - NEXT 5 YEARS

Avg. High P/E 18.0 X Estimate High Earnings/Share 4.81 = Forecasted High Price \$ 86.6

B LOW PRICE - NEXT 5 YEARS

(a) Avg. Low P/E 10.5 X Estimate Low Earnings/Share 4.23 = Forecasted Low Price \$ 44.4

(b) Avg. Low Price of Last 5 Years 20.9

(c) Recent Market Low Price 28.0

(d) Price Dividend Will Support $\frac{\text{Indicated Dividend}}{\text{High Yield}} = \frac{0.84}{2.81\%} = 29.9$

Selected Forecasted Low Price \$ 30.5

C ZONING using 25%-50%-25%

Forecasted High Price 86.6 Minus Forecasted Low Price 30.5 = 56.1 Range. 25% of Range 14.0

Buy Zone 30.5 to 44.5

Hold Zone 44.5 to 72.6

Sell Zone 72.6 to 86.6

Present Market Price of 41.51 is in the **BUY** Zone

D UPSIDE DOWNSIDE RATIO (POTENTIAL GAIN VS. RISK OR LOSS)

$\frac{\text{High Price} - \text{Present Price}}{\text{Present Price} - \text{Low Price}} = \frac{86.6 - 41.51}{41.51 - 30.5} = \frac{45.06}{11.01} = 4.1$ To 1

E PRICE TARGET (Note: This shows the potential market price appreciation over the next five years in simple interest terms.)

$\frac{\text{High Price} - \text{Closing Price}}{\text{Closing Price}} = \frac{86.6 - 41.51}{41.51} = 2.0856 \times 100 = 208.56 - 100 = 108.6$ % Appreciation

5 5-YEAR POTENTIAL

This combines price appreciation with dividend yield to get an estimate of total return. It provides a standard for comparing income and growth stocks.

A $\frac{\text{Indicated Annual Dividend}}{\text{Closing Price}} = \frac{0.60}{41.51} = 0.0202 = 2.0\%$ Current Yield

B AVERAGE YIELD - USING FORECAST HIGH P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast High PE}} = \frac{20.0\%}{18.00} = 1.1\%$

AVERAGE YIELD - USING FORECAST AVERAGE P/E

$\frac{\text{Avg. \% Payout}}{\text{Forecast Average PE}} = \frac{20.0\%}{14.25} = 1.4\%$

C COMPOUND ANNUAL RETURN - USING FORECAST HIGH P/E

Annualized Appreciation 15.8 %
Average Yield 1.1 %
Annualized Rate of Return 16.9 %

COMPOUND ANNUAL RETURN - USING FORECAST AVG P/E

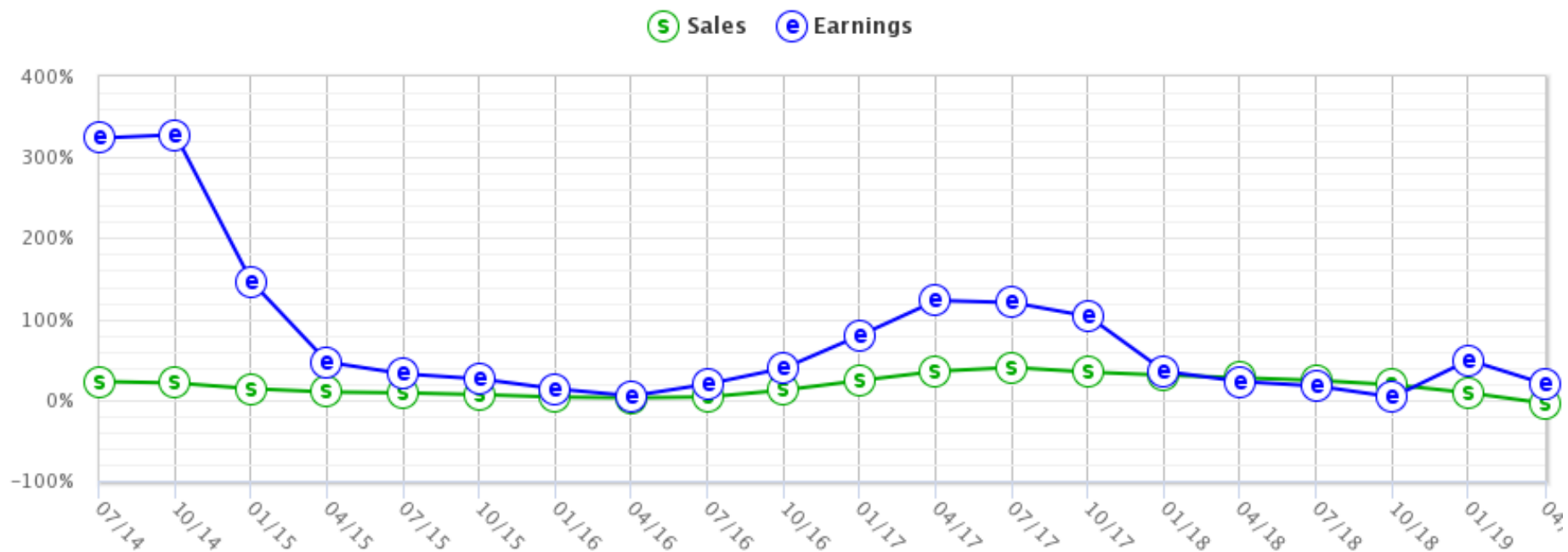
Annualized Appreciation 10.5 %
Average Yield 1.4 %
Annualized Rate of Return 12.0 %

Notes: AMAT 5/4/19

Date	Subject	Description	Type
04/09/19	04/09/2019	There was rally in the CHIP related stocks in the past couple of week and all the stocks in e semiconductor industry went up. The price now today is 42 gone up by 5 points from the mid range and by 12 points from the low end of the stock price.	Study
12/16/18	Non GAPP adjustments for 1st qtr and YR end 2018	<p>First quarter of 2018 EPS 1.06 and tax rate is 6.3%</p> <p>2018 Fourth quarter EPS 0.97 and tax rate 7.7%.</p> <p>2018 Year end EPS 4.45 and tax rate 29.4%</p>	Study
12/05/18	2018 - Softening of demand in the industry group	<p>In the short term there is a softening of demand for the chips in the semiconductor industry group. As a result, fourth quarter data were as predicted as per the managements future guidance from last quarter.</p> <p>VL – likes this sector for the long haul with record earnings for the companies in this industry group.</p> <p>In the long term there is a broadening demand for integrated circuits beyond PCs and Mobile phones ought drive the growth in the semiconductor industry group.</p>	Study

Quarterly Growth Trend Data

Graph: Trailing 4 Quarters, Last 5 Years of Data



Period	Quarterly Data								Last 12 Months Data								
	EPS		Pre-Tax Profit			Sales		Income Tax Rate	EPS	Pre-Tax Profit		Sales	Income Tax		%Change		
	\$	%Change	\$ Mil	%Sales	%Change	\$ Mil	%Change		\$	\$ Mil	%Sales	\$ Mil	%Rate	EPS	Pre-Tax Profit	Sales	
04/19	0.70	-35.8	759.0	21.4	-41.4	3,539.0	-22.5	12.3	3.56	3,884.0	24.6	15,774.0	417.3	10.7	19.5	-13.9	-4.3
01/19	0.80	515.4	888.0	23.7	-23.6	3,753.0	-10.7	13.2	3.95	4,420.0	26.3	16,802.0	481.2	10.9	49.1	7.2	8.7
10/18	0.89	-2.2	998.0	24.9	-7.1	4,014.0	1.1	12.2	3.28	4,694.0	27.2	17,253.0	1,393.5	29.7	3.5	25.8	18.7
07/18	1.17	37.6	1,239.0	27.7	26.7	4,468.0	19.3	5.3	3.30	4,770.0	27.7	17,208.0	1,372.6	28.8	17.0	40.4	24.1
04/18	1.09	43.4	1,295.0	28.4	42.6	4,567.0	28.8	12.8	2.98	4,509.0	27.4	16,484.0	1,298.5	28.8	22.6	51.2	27.4
01/18	0.13	-80.0	1,162.0	27.6	50.7	4,204.0	28.2	88.4	2.65	4,122.0	26.7	15,463.0	1,150.2	27.9	35.2	66.9	30.5
10/17	0.91	62.5	1,074.0	27.1	45.1	3,969.0	20.4	8.6	3.17	3,731.0	25.7	14,537.0	299.0	8.0	103.2	85.3	34.3
07/17	0.85	84.8	978.0	26.1	73.4	3,744.0	32.7	5.4	2.82	3,397.0	24.5	13,865.0	348.7	10.3	120.3	103.4	40.1
04/17	0.76	162.1	908.0	25.6	129.9	3,546.0	44.7	9.3	2.43	2,983.0	23.0	12,942.0	343.8	11.5	122.9	101.4	35.3
01/17	0.65	160.0	771.0	23.5	145.5	3,278.0	45.2	8.8	1.96	2,470.0	20.9	11,846.0	344.8	14.0	79.8	67.5	24.0

Quarterly Growth Trend Data

Graph: Trailing 4 Quarters, Last 5 Years of Data

Quarterly Data									Last 12 Months Data								
Period	EPS		Pre-Tax Profit			Sales		Income Tax Rate	EPS	Pre-Tax Profit		Sales	Income Tax		%Change		
	\$	%Change	\$ Mil	%Sales	%Change	\$ Mil	%Change			\$	\$ Mil		%Sales	\$ Mil	%Rate	EPS	Pre-Tax Profit
10/16	0.56	100.0	740.0	22.4	86.4	3,297.0	39.2	17.6	1.56	2,013.0	18.6	10,825.0	281.5	14.0	39.3	26.0	12.1
07/16	0.46	70.4	564.0	20.0	50.4	2,821.0	13.3	10.5	1.28	1,670.0	16.9	9,896.0	224.4	13.4	19.6	4.4	3.6
04/16	0.29	0.0	395.0	16.1	1.5	2,450.0	0.3	19.0	1.09	1,481.0	15.5	9,565.0	205.7	13.9	4.8	-7.1	2.5
01/16	0.25	-10.7	314.0	13.9	-28.1	2,257.0	-4.3	8.9	1.09	1,475.0	15.4	9,557.0	158.5	10.7	13.5	-6.1	3.4
10/15	0.28	21.7	397.0	16.8	-0.3	2,368.0	4.6	15.4	1.12	1,598.0	16.5	9,659.0	217.5	13.6	25.8	10.4	6.5
07/15	0.27	12.5	375.0	15.1	1.4	2,490.0	9.9	12.3	1.07	1,599.0	16.7	9,555.0	298.8	18.7	32.1	28.5	8.6
04/15	0.29	38.1	389.0	15.9	6.6	2,442.0	3.8	6.4	1.04	1,594.0	17.1	9,330.0	323.3	20.3	46.5	44.6	9.7
01/15	0.28	33.3	437.0	18.5	38.7	2,359.0	7.7	20.4	0.96	1,570.0	17.0	9,241.0	404.0	25.7	146.2	142.7	13.7
10/14	0.23	53.3	398.0	17.6	105.2	2,264.0	13.9	35.7	0.89	1,448.0	16.0	9,072.0	370.1	25.6	327.9	313.7	20.8
07/14	0.24	71.4	370.0	16.3	62.3	2,265.0	14.7	18.7	0.81	1,244.0	14.1	8,796.0	224.6	18.1	323.8	430.9	22.7
04/14	0.21	290.9	365.0	15.5	505.6	2,353.0	19.3	28.2	0.71	1,102.0	13.0	8,506.0	220.1	20.0	313.9	464.9	12.9
01/14	0.21	650.0	315.0	14.4	1,650.0	2,190.0	39.2	19.7	0.39	647.0	8.0	8,126.0	13.5	2.1	19,600.0	269.7	0.3
10/13	0.15	135.7	194.0	9.8	136.5	1,988.0	20.8	5.7	0.21	350.0	4.7	7,509.0	-87.7	-25.1	246.7	10.8	-13.9
07/13	0.14	-17.6	228.0	11.5	-24.5	1,975.0	-15.7	26.3	-0.36	-376.0	-5.2	7,167.0	96.5	-25.7	-143.6	-131.6	-22.6
04/13	-0.11	-150.0	-90.0	-4.6	-123.3	1,973.0	-22.4	-43.3	-0.33	-302.0	-4.0	7,535.0	76.4	-25.3	-132.5	-119.4	-22.3
01/13	0.03	-68.9	18.0	1.1	-88.7	1,573.0	-28.1	-88.9	0.00	175.0	2.2	8,103.0	-14.2	-8.1	-100.2	-90.6	-19.1
10/12	-0.42	-220.0	-532.0	-32.3	-255.1	1,646.0	-24.5	3.2	0.06	316.0	3.6	8,719.0	65.4	20.7	-95.9	-86.7	-17.1
07/12	0.17	-52.8	302.0	12.9	-54.9	2,343.0	-15.9	27.8	0.83	1,191.0	12.9	9,254.0	139.6	11.7	-43.1	-56.5	-17.5
04/12	0.22	-40.5	387.0	15.2	-43.6	2,541.0	-11.2	25.3	1.02	1,558.0	16.1	9,698.0	186.7	12.0	-14.2	-30.7	-11.5
01/12	0.09	-76.3	159.0	7.3	-76.6	2,189.0	-18.5	26.4	1.17	1,857.0	18.5	10,019.0	238.3	12.8	14.8	-4.7	-3.5
10/11	0.35	0.0	343.0	15.7	-51.2	2,181.0	-24.4	-32.7	1.46	2,378.0	22.6	10,516.0	300.3	12.6	108.4	71.5	10.1
07/11	0.36	300.0	669.0	24.0	276.2	2,787.0	10.7	28.9	1.46	2,738.3	24.4	11,221.4	798.4	29.2	224.2	219.4	37.0
04/11	0.37	85.0	686.0	24.0	77.2	2,862.0	24.7	28.7	1.19	2,247.2	20.5	10,952.2	666.0	29.6	271.6	271.2	61.0
01/11	0.38	531.7	680.0	25.3	472.7	2,686.0	45.3	25.6	1.02	1,948.2	18.8	10,385.8	592.4	30.4	1,555.7	1,285.0	87.8
10/10	0.35	250.0	703.3	24.4	304.6	2,886.4	89.1	33.5	0.70	1,387.0	14.5	9,548.7	438.1	31.6	404.3	385.5	90.5
07/10	0.09	325.0	177.8	7.1	339.7	2,517.8	122.1	30.8	0.45	857.5	10.5	8,188.6	243.5	28.4			
04/10	0.20	205.3	387.1	16.9	201.1	2,295.5	125.0	31.8	0.32	605.5	8.9	6,804.6	164.7	27.2			
01/10	0.06	160.0	118.7	6.4	158.6	1,848.9	38.7	30.3	-0.07	-164.4	-3.0	5,529.1	-45.4	27.6			
10/09	0.10		173.8	11.4		1,526.4		20.7									
07/09	-0.04		-74.2	-6.5		1,133.7		26.0									
04/09	-0.19		-382.8	-37.5		1,020.1		33.3									
01/09	-0.10		-202.7	-15.2		1,333.4		34.4									