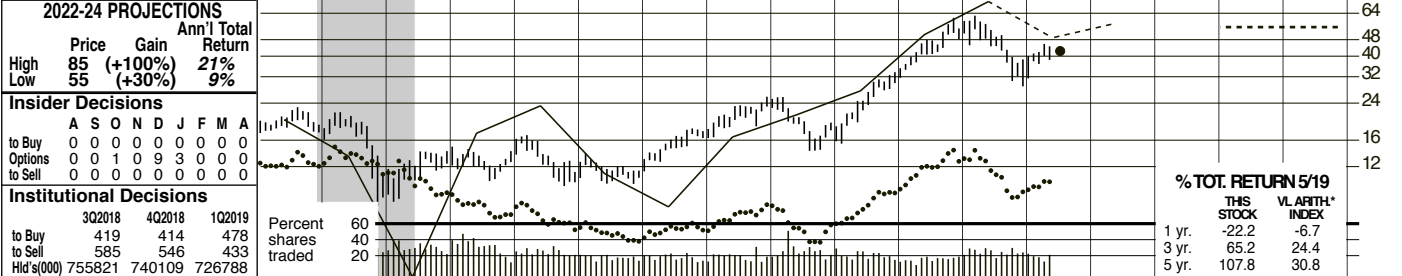


APPLIED MATERIALS NDQ-AMAT

RECENT PRICE **42.31** P/E RATIO **14.0** (Trailing: 11.5; Median: 17.0) RELATIVE P/E RATIO **0.83** DIV'D YLD **2.0%** **VALUE LINE**

TIMELINESS 3 Raised 5/24/19	High: 21.8 14.2 14.9 16.9 13.9 18.2 25.7 25.6 33.7 60.9 62.4 45.8	Target Price Range 2022 2023 2024
SAFETY 3 Lowered 10/4/13	Low: 7.8 8.2 10.3 9.7 10.0 11.4 16.4 14.3 15.4 31.7 28.8 31.5	
TECHNICAL 4 Lowered 6/21/19	LEGENDS — 14.0 x "Cash Flow" p sh ... Relative Price Strength Options: Yes Shaded area indicates recession	128 96 80 64 48 40 32 24 16 12
BETA 1.25 (1.00 = Market)		



2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	© VALUE LINE PUB. LLC	22-24
2.67	4.77	4.35	6.59	7.03	6.11	3.74	7.19	8.05	7.28	6.24	7.43	8.33	10.04	13.71	17.84	15.55	17.00	Revenues per sh ^A	22.85
.36	1.09	.94	1.38	1.43	.96	d.01	1.23	1.66	.79	.55	1.19	1.51	1.96	3.62	5.20	3.50	4.10	"Cash Flow" per sh	5.60
.13	.85	.73	1.05	1.20	.70	d.23	1.00	1.45	.42	.21	.87	1.12	1.54	3.17	4.45	3.00	3.60	Earnings per sh ^{ABC}	5.00
--	--	.09	.16	.23	.24	.24	.26	.30	.34	.38	.40	.40	.40	.40	.70	.83	.87	Div'ds Decl'd per sh ^D	1.00
.16	.11	.12	.13	.19	.22	.19	.13	.16	.14	.16	.20	.19	.23	.33	.64	.50	.55	Cap'l Spending per sh	.60
4.81	5.51	5.56	4.78	5.64	5.67	5.29	5.67	6.74	6.04	5.89	6.44	6.56	6.69	8.82	7.07	8.55	10.05	Book Value per sh ^E	16.30
1677.4	1680.3	1606.7	1391.7	1385.7	1330.8	1340.9	1328.0	1306.0	1197.0	1204.0	1221.0	1160.0	1078.0	1060.0	967.00	935.00	930.00	Common Shs Outst'g ^F	920.00
NMF	23.3	23.0	16.8	16.3	25.8	--	12.6	9.3	27.3	NMF	22.8	18.3	14.5	12.8	11.2			Avg Ann'l P/E Ratio	14.0
NMF	1.23	1.22	.91	.87	1.55	--	.80	.58	1.74	NMF	1.20	.92	.76	.64	.60			Relative P/E Ratio	.80
--	--	.5%	.9%	1.2%	1.3%	2.1%	2.1%	2.2%	3.0%	2.7%	2.0%	1.9%	1.8%	1.0%	1.4%			Avg Ann'l Div'd Yield	1.4%

CAPITAL STRUCTURE as of 4/28/19		2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Revenues (\$mill) ^A	21000
Total Debt \$5311 mill. Due in 5 Yrs \$1350 mill.		5013.6	9548.7	10517	8719.0	7509.0	9072.0	9659.0	10825	14537	17253	14540	15800	15800	15800	15800	15800	15800	15800	Operating Margin	29.0%
LT Debt \$5311 mill. LT Interest \$200.0 mill.		1.1%	23.8%	25.1%	16.3%	15.7%	20.9%	20.6%	23.5%	29.4%	31.6%	26.5%	28.5%	28.5%	28.5%	28.5%	28.5%	28.5%	28.5%	Depreciation (\$mill)	550
(Total interest coverage: 15.0x)		291.2	304.5	246.0	422.0	410.0	375.0	371.0	389.0	407.0	457.0	400	425	425	425	425	425	425	425	Net Profit (\$mill)	4600
(39% of Cap'l)		d305.3	1333.0	1926.0	529.0	256.0	1072.0	1377.0	1721.0	3434.0	4569.0	2850	3400	3400	3400	3400	3400	3400	3400	Income Tax Rate	14.0%
Leases, Uncapitalized Annual rentals \$50.0 mill.		--	32.4%	19.0%	28.2%	26.9%	26.0%	13.8%	14.5%	8.0%	6.2%	13.5%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	14.0%	Net Profit Margin	21.9%
Pension Assets-10/18 \$365 mill. Oblig. \$490 mill.		NMF	14.0%	18.3%	6.1%	3.4%	11.8%	14.3%	15.9%	23.6%	26.5%	19.6%	21.5%	21.5%	21.5%	21.5%	21.5%	21.5%	21.5%	Working Cap'l (\$mill)	8000
Pfd Stock None		3749.5	3877.4	7561.0	2837.0	3199.0	4144.0	5463.0	4721.0	8803.0	6679.0	7000	7000	7000	7000	7000	7000	7000	7000	Long-Term Debt (\$mill)	5300
Common Stock 936,104,929 shs.		200.7	204.3	1947.0	1946.0	1946.0	1947.0	3342.0	3143.0	5304.0	5309.0	5300	5300	5300	5300	5300	5300	5300	5300	Shr. Equity (\$mill)	15000
MARKET CAP: \$39.6 billion (Large Cap)		7094.6	7536.1	8800.0	7235.0	7088.0	7868.0	7613.0	7217.0	9349.0	6839.0	8000	9350	9350	9350	9350	9350	9350	9350	Return on Total Cap'l	22.5%
CURRENT POSITION (SMILL.)		NMF	17.4%	18.2%	6.3%	3.4%	11.4%	13.0%	17.3%	24.1%	38.6%	21.5%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	Return on Shr. Equity	31.0%
Cash Assets		NMF	13.1%	17.4%	1.3%	NMF	7.5%	11.7%	17.7%	32.1%	58.0%	26.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	27.0%	Retained to Com Eq	24.5%
Receivables		NMF	26%	21%	82%	NMF	45%	35%	26%	13%	13%	27%	24%	24%	24%	24%	24%	24%	24%	All Div'ds to Net Prof	20%
Inventory (FIFO)																					
Other																					
Current Assets																					
Accts Payable																					
Debt Due																					
Other																					
Current Liab.																					

BUSINESS: Applied Materials, Inc. provides manufacturing equipment, services, and software to the semiconductor, display, and related industries. Customers include manufacturers of semiconductor wafers and chips, liquid crystal and organic light-emitting diode (OLED) displays, and other electronic devices. Operates three segments: Semiconductor Systems (63% of '18 sales), Applied Global Services (22%), and Display and Adjacent Markets (15%). Foreign sales: 91% of '18 total; R&D: 12%. Has about 21,000 employees. Officers & directors own less than 1% of stock; Vanguard, 8.1% (1/19 proxy). Pres. & CEO: Gary E. Dickerson. Chrmn.: Thomas J. Iannotti, Inc.: DE. Address: 3050 Bowers Ave, Santa Clara, CA 95052. Tel.: 408-727-5555. Internet: www.appliedmaterials.com.

Applied Materials reported satisfactory fiscal second-quarter results (ended April 28th). Revenue of \$3.5 billion, while off 23% annually and 6% sequentially, was at the center of management's guidance. Semiconductor Systems, at 62% of total revenue, fell 25% annually and 4% from the January period. The ongoing pullback in memory investments was the primary source of the weakness. Display revenue declined about 50% from last year and 31% sequentially. Earnings per share of \$0.70 fell 43% year over year but came in at the top end of guidance.

The current environment is challenging but may be near a bottom. Management continues to expect wafer fab equipment spending to fall at a mid- to high-teen percentage rate in 2019, with a significant decline from memory customers but an increase from foundry and logic customers. This marks an improved outlook for foundry/logic from three months ago, when the spending forecast was flat to up slightly. In the display segment, revenue is likely to reach just two-thirds of last year's total. In the July period, the company looks for \$3.38 billion to \$3.68 billion on the top line, with semiconductor revenue flat sequentially and display revenue off just 4%. Guidance was in line with our estimate of \$3.58 billion. Earnings guidance of \$0.67 to \$0.75 per share was also in line with our call. As a result, we have left our second-half financial outlook essentially unchanged. Our 2019 earnings estimate has moved slightly from \$2.95, to \$3.00 per share, mostly reflecting a \$0.04 beat in the second quarter. Finally, we note that Applied has been actively repurchasing its shares. The company spent \$625 million to buy 16 million shares in the April quarter, bringing the totals so far this year to \$1.4 billion and 38 million shares. About \$3.0 billion remains under the current authorization. We figure repurchases are on track to add roughly \$0.20 to annual share net. Past 2019, we look for a rebound in semi systems revenue, as the long-term growth drivers for chips remain in place.

This stock is neutrally ranked for year-ahead performance. Similarly, appreciation potential out to 2022-2024 is in line with the Value Line median.

Christopher Joseph, CFA June 28, 2019

(A) Fiscal year ends last Sunday in October.	(B) Diluted Egs. Excl. nonrecurring items: '03, (11c); '04, (7c); '10, (30c); '12, (33c); '18, (\$1.22); '19, (1c). Qly figs. may not add due to rounding. Next egs. report due mid-August.	(C) FY'06 earnings include stock option expense of \$0.11 per share.	(D) Div'ds historically paid mid-March, June, Sep., and Dec.	(E) Includes intangibles. In 2018: \$3.6 billion, \$3.67 per share.	(F) In millions.	Company's Financial Strength	A+
						Stock's Price Stability	40
						Price Growth Persistence	55
						Earnings Predictability	30