# SYMANTEC CORP. NDQ-SYMC

RECENT PRICE **17.62** | P/E RATIO **17.4** (Trailing: 17.1 / Median: 26.0) | RELATIVE P/E RATIO **1.10** | DIV'D YLD **Nil** | **VALUE LINE**

**TIMELINESS** 2 Raised 2/10/12
**SAFETY** 3 Raised 9/3/99
TECHNICAL 4 Lowered 2/10/12
**BETA** .90 (1.00 = Market)

**2014-16 PROJECTIONS**

| | Price | Gain | Ann'l Total Return |
|---|---|---|---|
| High | 35 | (+100%) | *18%* |
| Low | 25 | (+40%) | *9%* |

**Insider Decisions**

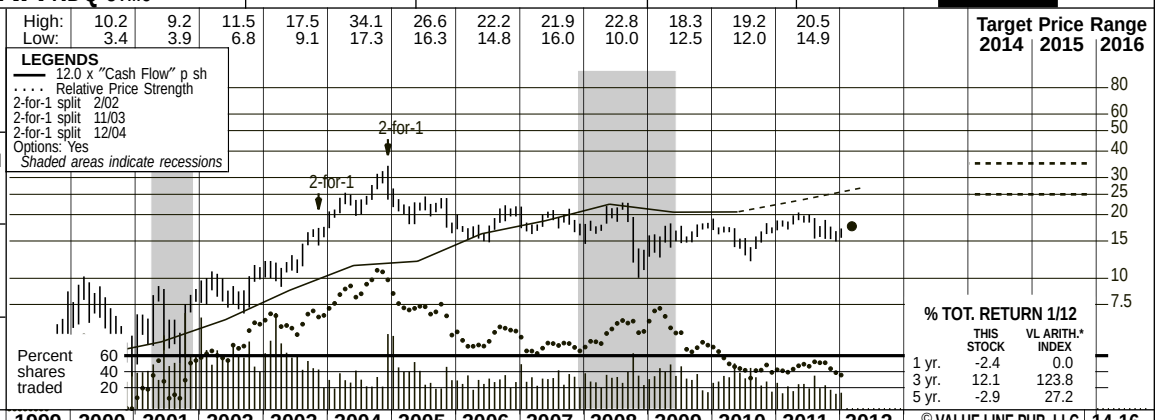
| | M | A | M | J | J | A | S | O | N |
|---|---|---|---|---|---|---|---|---|---|
| to Buy | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Options | 0 | 2 | 2 | 2 | 1 | 0 | 0 | 1 | 0 |
| to Sell | 2 | 5 | 4 | 5 | 2 | 1 | 1 | 2 | 2 |

**Institutional Decisions**

| | 1Q2011 | 2Q2011 | 3Q2011 |
|---|---|---|---|
| to Buy | 218 | 213 | 227 |
| to Sell | 253 | 252 | 252 |
| Hld's(000) | 672906 | 671412 | 671808 |

| | 10.2 | 9.2 | 11.5 | 17.5 | 34.1 | 26.6 | 22.2 | 21.9 | 22.8 | 18.3 | 19.2 | 20.5 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| High: | 3.4 | 3.9 | 6.8 | 9.1 | 17.3 | 16.3 | 14.8 | 16.0 | 10.0 | 12.5 | 12.0 | 14.9 |
| Low: | | | | | | | | | | | | |

**LEGENDS**
12.0 x "Cash Flow" p sh
Relative Price Strength
2-for-1 split 2/02
2-for-1 split 11/03
2-for-1 split 12/04
Options: Yes
*Shaded areas indicate recessions*




**Target Price Range** 2014 | 2015 | 2016
80 60 50 40 30 25 20 15 10 7.5

**% TOT. RETURN 1/12**

| | THIS STOCK | VL ARITH.* INDEX |
|---|---|---|
| 1 yr. | -2.4 | 0.0 |
| 3 yr. | 12.1 | 123.8 |
| 5 yr. | -2.9 | 27.2 |

| 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | © VALUE LINE PUB. LLC | 14-16 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1.04 | 1.10 | 1.27 | 1.39 | 1.55 | 1.48 | 1.87 | 2.36 | 3.00 | 3.64 | 3.98 | 5.78 | 7.00 | 7.53 | 7.50 | 8.17 | ***9.35*** | ***10.05*** | Revenues per sh [A] | ***13.25*** |
| .00 | .16 | .24 | .27 | .36 | .36 | .42 | .53 | .73 | .96 | 1.00 | 1.35 | 1.56 | 1.87 | 1.71 | 1.72 | ***1.95*** | ***2.25*** | "Cash Flow" per sh | ***2.75*** |
| d.05 | .10 | .18 | .18 | .27 | .29 | .33 | .40 | .55 | .81 | .38 | .41 | .54 | .82 | .78 | .71 | ***1.00*** | ***1.15*** | Earnings per sh [AB] | ***1.75*** |
| - - | - - | - - | - - | - - | - - | - - | - - | - - | - - | - - | - - | - - | - - | - - | - - | ***Nil*** | ***Nil*** | Div'ds Decl'd per sh | ***Nil*** |
| .08 | .06 | .06 | .06 | .06 | .11 | .25 | .32 | .18 | .13 | .26 | .47 | .33 | .33 | .31 | .35 | ***.30*** | ***.30*** | Cap'l Spending per sh | ***.30*** |
| .42 | .51 | .70 | .76 | 1.28 | 2.39 | 2.30 | 2.96 | 3.89 | 5.22 | 13.13 | 12.90 | 13.07 | 4.83 | 5.70 | 5.97 | ***6.60*** | ***7.30*** | Book Value per sh [C] | ***10.00*** |
| 429.09 | 429.09 | 456.87 | 454.98 | 482.47 | 576.05 | 574.24 | 595.14 | 623.71 | 710.52 | 1040.9 | 899.42 | 839.39 | 816.98 | 798.00 | 758.00 | ***725.00*** | ***700.00*** | Common Shs Outst'g [D] | ***625.00*** |
| - - | 17.0 | 15.2 | 14.6 | 19.6 | 20.7 | 22.6 | 23.8 | 27.6 | 30.2 | NMF | 44.4 | 33.8 | 20.5 | 21.3 | 22.6 | ***Bold figures are Value Line estimates*** | | Avg Ann'l P/E Ratio | ***17.0*** |
| - - | 1.06 | .88 | .76 | 1.12 | 1.35 | 1.16 | 1.30 | 1.57 | 1.60 | NMF | 2.40 | 1.79 | 1.23 | 1.42 | 1.44 | | | Relative P/E Ratio | ***1.15*** |
| - - | - - | - - | - - | - - | - - | - - | - - | - - | - - | - - | - - | - - | - - | - - | - - | | | Avg Ann'l Div'd Yield | ***Nil*** |
| 1071.4 | 1406.9 | 1870.1 | 2582.8 | 4143.4 | 5199.4 | 5874.4 | 6149.9 | 5985.0 | 6190.0 | ***6775*** | ***7050*** | Revenues ($mill) [A] | ***8275*** |
| 28.0% | 29.4% | 32.3% | 35.2% | 30.3% | 25.6% | 25.8% | 29.0% | 27.8% | 26.2% | ***27.0%*** | ***27.5%*** | Operating Margin | ***28.0%*** |
| 38.8 | 56.8 | 75.9 | 90.8 | 654.3 | 811.4 | 824.1 | 837.4 | 733.0 | 743.0 | ***680*** | ***740*** | Depreciation ($mill) | ***675*** |
| 200.7 | 258.7 | 380.1 | 590.4 | 388.9 | 404.4 | 485.2 | 689.7 | 635.0 | 558.0 | ***750*** | ***835*** | Net Profit ($mill) | ***1075*** |
| 32.0% | 31.8% | 31.7% | 31.2% | 42.6% | 36.0% | 34.5% | 23.0% | 22.1% | 19.7% | ***27.0%*** | ***27.0%*** | Income Tax Rate | ***27.0%*** |
| 18.7% | 18.4% | 20.3% | 22.9% | 9.4% | 7.8% | 8.3% | 11.2% | 10.6% | 9.0% | ***11.1%*** | ***11.8%*** | Net Profit Margin | ***13.0%*** |
| 983.7 | 1093.6 | 1555.1 | 1987.3 | 430.3 | 753.0 | d69.7 | d214.3 | 580.0 | d407.0 | ***d300*** | ***300*** | Working Cap'l ($mill) | ***500*** |
| 600.0 | 600.0 | 600.0 | - - | - - | 2100.0 | 2100.0 | 2100.0 | 1871.0 | 1987.0 | ***2050*** | ***2075*** | Long-Term Debt ($mill) | ***2100*** |
| 1319.9 | 1764.4 | 2426.2 | 3705.5 | 13668 | 11602 | 10973 | 3948.0 | 4548.0 | 4528.0 | ***4800*** | ***5125*** | Shr. Equity ($mill) | ***6200*** |
| 10.7% | 11.4% | 12.9% | 16.1% | 2.9% | 3.1% | 3.8% | 11.6% | 10.9% | 9.7% | ***12.0%*** | ***12.5%*** | Return on Total Cap'l | ***13.5%*** |
| 15.2% | 14.7% | 15.7% | 15.9% | 2.8% | 3.5% | 4.4% | 17.5% | 14.0% | 12.3% | ***15.5%*** | ***16.5%*** | Return on Shr. Equity | ***17.5%*** |
| 15.2% | 14.7% | 15.7% | 15.9% | 2.8% | 3.5% | 4.4% | 17.5% | 14.0% | 12.3% | ***15.5%*** | ***16.5%*** | Retained to Com Eq | ***17.5%*** |
| - - | - - | - - | - - | - - | - - | - - | - - | - - | - - | ***Nil*** | ***Nil*** | All Div'ds to Net Prof | ***Nil*** |

**CAPITAL STRUCTURE as of 12/31/11**
**Total Debt** $2025 mill. **Due in 5 Yrs** $1350 mill.
**LT Debt** $2025 mill. **LT Interest[F]** $51.0 mill.
Face: $1000 mill. 1.0s of 2013, ea. note conv. into 52.2951 shares.
(30% of Cap'l)
**Leases, Uncapitalized** Annual rentals $94.0 mill.
**No Defined Benefit Pension Plan**
**Pfd Stock** None
**Common Stock** 729,443,620 shs.
**as of 1/27/2012**

**MARKET CAP: $12.9 billion (Large Cap)**

| CURRENT POSITION ($MILL.) | 2009 | 2010 | 12/31/11 |
|---|---|---|---|
| Cash Assets | 3044 | 2958 | 2380 |
| Receivables | 856 | 1013 | 1009 |
| Inventory (FIFO) | 25 | 30 | 32 |
| Other | 426 | 485 | 465 |
| Current Assets | 4351 | 4486 | 3886 |
| Accts Payable | 214 | 260 | 268 |
| Debt Due | - - | 596 | - - |
| Deferred Revenue | 2835 | 3321 | 3160 |
| Other | 722 | 716 | 741 |
| Current Liab. | 3771 | 4893 | 4169 |

| ANNUAL RATES of change (per sh) | Past 10 Yrs. | Past 5 Yrs. | Est'd '08-'10 to '14-'16 |
|---|---|---|---|
| Revenues | 18.0% | 19.5% | *9.5%* |
| "Cash Flow" | 19.5% | 18.5% | *7.5%* |
| Earnings | 13.0% | 4.0% | *14.5%* |
| Dividends | - - | - - | *Nil* |
| Book Value | 24.0% | 14.5% | *10.5%* |

| Fiscal Year Begins | QUARTERLY REVENUES ($ mill.) [A] Jun.Per | Sep.Per | Dec.Per | Mar.Per | Full Fiscal Year |
|---|---|---|---|---|---|
| 2008 | 1650.2 | 1518.0 | 1514.0 | 1467.7 | 6149.9 |
| 2009 | 1432 | 1474 | 1548 | 1531 | 5985 |
| 2010 | 1433 | 1480 | 1604 | 1673 | 6190 |
| 2011 | 1653 | 1681 | 1715 | ***1726*** | ***6775*** |
| 2012 | ***1700*** | ***1750*** | ***1775*** | ***1825*** | ***7050*** |

| Fiscal Year Begins | EARNINGS PER SHARE [ABE] Jun.Per | Sep.Per | Dec.Per | Mar.Per | Full Fiscal Year |
|---|---|---|---|---|---|
| 2008 | .22 | .16 | .24 | .20 | .82 |
| 2009 | .09 | .18 | .27 | .23 | .78 |
| 2010 | .15 | .17 | .17 | .22 | .71 |
| 2011 | .25 | .24 | .26 | ***.25*** | ***1.00*** |
| 2012 | ***.26*** | ***.27*** | ***.30*** | ***.32*** | ***1.15*** |

| Calendar | QUARTERLY DIVIDENDS PAID Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|---|---|---|---|---|---|
| 2008 | | | | | |
| 2009 | NO CASH DIVIDENDS BEING PAID | | | | |
| 2010 | | | | | |
| 2011 | | | | | |
| 2012 | | | | | |

**BUSINESS:** Symantec Corp. provides software and services to three market segments, namely security, storage, and systems management. The company currently operates under four business units: Consumer Products, Storage & Server Management, Security & Compliance Group, and Services. Growth is augmented by an active acquisition program. Consumer Products, 31.6% of revs. in FY ended 3/31/11; Security & Compliance Group, 25.3%; Storage & Server Mgmt, 37.3%; Services, 5.8. Employs about 20,075 (9/30/11). Stk owners: Dodge & Cox, 7.9%; BlackRock, Inc., 6.9%; Off. & dir., 1.2%. (9/11 proxy). Chrmn.: Steve Bennett; Pres. & CEO: Enrique Salem. Inc.: DE. Addr.: 350 Ellis St., Mountain View, CA 94043. Tel.: 650-527-8000. Internet: www.symantec.com.

**Symantec's operations should continue running well.** As has been the case for the last few quarters, the company experienced good demand for its enterprise security products and services in the December period. On point, revenues from the Security and Compliance group advanced 17%, reflecting healthy interest in data loss prevention (DLP) and the trust services and user authentication products. Meanwhile, the performance of the Storage and Server Management segment continues to suggest that the group has regained its poise, with the Linux and Windows platforms now among the most important drivers of sales. Cross-selling activity between these two segments also continues to be a positive, in our view. Elsewhere, Symantec's multiple distribution strategy and the popularity of its *Norton 2012* series of products should keep the Consumer Products group moving forward nicely.

**We have made some minor downward adjustments to our revenue and earnings estimates for the fiscal year ending March 31, 2012.** Most of the changes relate to the general strengthening of the dollar versus the euro. Our earnings presentation also excludes $0.07 a share from the December quarter related to tax issues taken on with the Veritas acquisition (circa 2005).

**At this juncture, we sense Symantec's progress is likely to continue next year.** The prospects for the Security and Compliance group are good, given the rate that data is being generated from a range of computing platforms, and the requirement to keep access limited and the information secure. Meanwhile, the Storage and Server Management segment appears to now be on a firm foundation and should also benefit from the need to handle increasing amounts of data. Finally, Symantec's strong position via its *Norton* products supports continued expansion of the Consumer Products group. That said, uncertainty surrounding the prospects for global economic growth (particularly in Europe) adds risk to our assessment. Nonetheless, earnings are estimated to advance some 15% next year. Adding it all up, tech investors may find interest here, given the stock's recent price.

*Charles Clark* *February 17, 2012*

**(A)** Fiscal year ends with the March period of the following year.
**(B)** Pri. egs. thru 1997, then dil. Excl. nonrecur items: FY'97, d15¢; '99, d14¢; '00, d15¢; '01, d35¢; '02, d75¢; '03, 3¢; '04, d1¢; '05, d7¢ '06, d23¢; '08 d$8.92; '09, d9¢; '10, 5¢; '12, 7¢. Next egs. rpt. due late April. **(C)** Incl. intang. In fiscal yr. ended 3/31/11; $5,494.0 mill., $7.25/share. **(D)** In millions, adjusted for splits. **(E)** Qtrs. may not sum to annual figure, due to changes in shares outstanding. **(F)** Coupon interest only, excl. imputed interest.

| | |
|---|---|
| **Company's Financial Strength** | B++ |
| **Stock's Price Stability** | 75 |
| **Price Growth Persistence** | 40 |
| **Earnings Predictability** | 65 |

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