# **ModernGraham Valuation**

## **Company Name:**

Arrow Electronics, Inc.



1.27 Pass

Company Ticker
Date of Analysis

12/11/2015

# Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

7. Moderate Price to Assets

ARW

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$5,180,632,511 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.77 Fail
3. Earnings Stability	Positive EPS for 10 years prior	Fail
4. Dividend Record	Dividend Payments for 10 years prior	Fail
	Increase of 33% in EPS in past 10	

5. Earnings Growth beginning and end 940.44% Pass
6. Moderate PEmg Ratio PEmg < 20 11.50 Pass

PB Ratio < 2.5 OR PB\*PEmg < 50

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

 1. Sufficiently Strong Financial Condition
 Current Ratio > 1.5
 1.77 Pass

 2. Sufficiently Strong Financial Condition
 Debt to NCA < 1.1</td>
 0.77 Pass

 3. Earnings Stability
 Positive EPS for 5 years prior
 Pass

 4. Dividend Record
 Currently Pays Dividend
 Fail

 5. Earnings Growth
 EPSmg greater than 5 years ago
 Pass

Suitability

Defensive No Enterprising Yes

### Stage 2: Determination of Intrinsic Value

EPSmg	\$4.82
MG Growth Estimate	13.49%
MG Value	\$171.14
MG Value based on 3% Growth	\$69.95
MG Value based on 0% Growth	\$41.00
Market Implied Growth Rate	1.50%

MG Opinion

Current Price \$55.49
% of Intrinsic Value 32.42%
Opinion Undervalued

### Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$3.50
Graham Number	\$72.95
PEmg	11.50
Current Ratio	1.77
PB Ratio	1.27
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

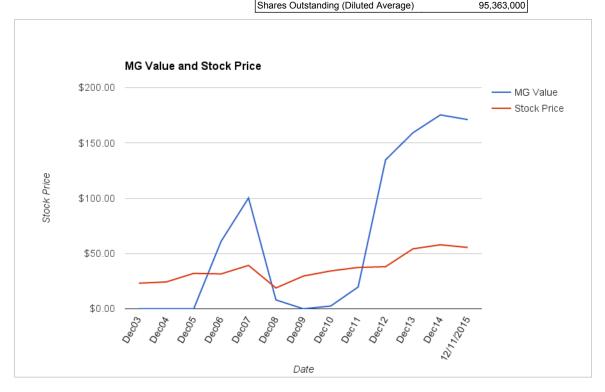
Useful Links: ModernGraham tagged articles Morningstar

 Google Finance
 MSN Money

 Yahoo Finance
 Seeking Alpha

 GuruFocus
 SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$5.32	Next Fiscal Year Estimate	\$4.82
Dec14	\$4.98	Dec14	\$4.56
Dec13	\$3.85	Dec13	\$4.14
Dec12	\$4.56	Dec12	\$3.50
Dec11	\$5.17	Dec11	\$2.54
Dec10	\$4.01	Dec10	\$1.24
Dec09	\$1.03	Dec09	\$0.21
Dec08	-\$5.08	Dec08	\$0.21
Dec07	\$3.28	Dec07	\$2.60
Dec06	\$3.16	Dec06	\$1.59
Dec05	\$2.09	Dec05	\$0.35
Dec04	\$1.75	Dec04	-\$0.44
Dec03	\$0.25	Dec03	-\$1.15
Dec02	-\$6.12	Dec02	-\$1.27
Dec01	-\$0.77	Dec01	\$1.24
Dec00	\$3.56	Dec00	\$2.16
Dec99	\$1.20	Dec99	\$1.53
Dec98	\$1.50	Balance Sheet Information	Sep15
Dec97	\$1.64	Total Current Assets	\$8,181,801,000
Dec96	\$1.98	Total Current Liabilities	\$4,633,722,000
Dec95	\$2.02	Long-Term Debt	\$2,748,283,000
		Total Assets	\$12,006,200,000
		Intangible Assets	\$2,781,396,000
		Total Liabilities	\$7,847,958,000
		Shares Outstanding (Diluted Average)	95.363.000





#### Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

#### **Recommended Reading:**

Other ModernGraham posts about the company 10 Low PE Stocks for the Enterprising Investor – November 2015
The Best Stocks of the IT Hardware Industry – September 2015
19 Best Stocks For Value Investors This Week – 8/29/15
Arrow Electronics Inc. Analysis – Initial Coverage \$ARW

Other ModernGraham posts about related companies TE Connectivity Ltd Valuation – December 2015 Update \$TEL

Broadcom Corp Valuation – November 2015 Update \$BRCM

SanDisk Corp Valuation – November 2015 Update \$SNDK

Corning Inc Valuation – November 2015 Update \$GLW

Intel Corp Valuation – November 2015 Update \$INTC

FLIR Systems Inc. Valuation – November 2015 Update \$FLIR

NVIDIA Corporation Valuation – November 2015 Update \$NVDA

FMC Technologies Inc. Valuation – November 2015 Update \$FTI

Applied Materials Inc Valuation – November 2015 Update \$AMAT

Micron Technology Inc. Valuation – November 2015 Update \$MU