

# ModernGraham Valuation

Company Name:

ARRIS Group, Inc.

Company Ticker      ARRS

Date of Analysis

8/24/2015



## 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.*

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	Pass
3. Earnings Stability	Positive EPS for 10 years prior	Fail
4. Dividend Record	Dividend Payments for 10 years prior Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	Fail
5. Earnings Growth		Pass
6. Moderate PEmg Ratio	PEmg < 20	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	Pass

*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	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	Fail
3. Earnings Stability	Positive EPS for 5 years prior	Fail
4. Dividend Record	Currently Pays Dividend	Fail
5. Earnings Growth	EPSmg greater than 5 years ago	Pass

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	1.00
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$38.50</b>
MG Value based on 3% Growth	\$14.50
MG Value based on 0% Growth	\$8.50
Market Implied Growth Rate	8.72%

### MG Opinion

Current Price	\$25.94
% of Intrinsic Value	67.38%
<b>Opinion</b>	<b>Undervalued</b>

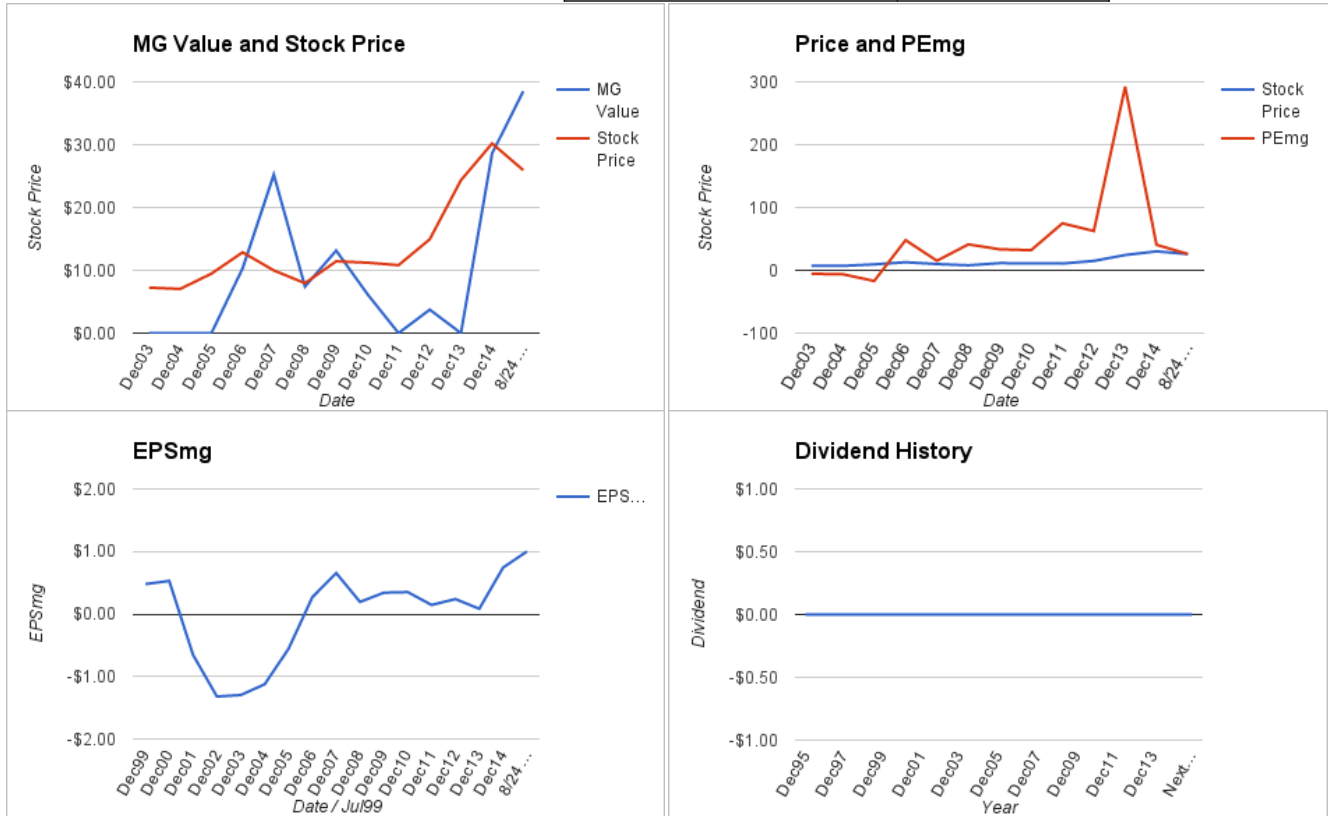
## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$5.02
PEmg	25.94
Current Ratio	2.01
PB Ratio	2.24
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$1.30	Next Fiscal Year Estimate	\$1.00
Dec14	\$2.21	Dec14	\$0.74
Dec13	-\$0.37	Dec13	\$0.08
Dec12	\$0.46	Dec12	\$0.24
Dec11	-\$0.15	Dec11	\$0.14
Dec10	\$0.50	Dec10	\$0.35
Dec09	\$0.71	Dec09	\$0.34
Dec08	-\$1.04	Dec08	\$0.19
Dec07	\$0.87	Dec07	\$0.66
Dec06	\$1.30	Dec06	\$0.27
Dec05	\$0.52	Dec05	-\$0.56
Dec04	-\$0.33	Dec04	-\$1.12
Dec03	-\$0.62	Dec03	-\$1.30
Dec02	-\$2.33	Dec02	-\$1.32
Dec01	-\$3.13	Dec01	-\$0.66
Dec00	\$0.52	Dec00	\$0.53
Dec99	\$1.33	Dec99	\$0.48
Dec98	\$0.15	<b>Balance Sheet Information Jun15</b>	
Dec97	-\$0.55	Total Current Assets	\$2,083,161,000
Dec96	\$0.67	Total Current Liabilities	\$1,036,937,000
Dec95	\$0.23	Long-Term Debt	\$1,537,641,000
		Total Assets	\$4,558,675,000
		Intangible Assets	\$1,941,267,000
		Total Liabilities	\$2,832,525,000
		Shares Outstanding (Diluted Average)	149,276,000



**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

#N/A

Other  
ModernGraham  
posts about related  
companies

[Level 3 Communications Inc. Analysis – Initial Coverage \\$LVLT](#)

[Windstream Holdings Analysis – 2015 Update \\$WIN](#)

[Harris Corporation Analysis – June 2015 Update \\$HRS](#)

[Harris Corporation Quarterly Valuation – March 2015 \\$HRS](#)

[Verizon Communications Annual Valuation – 2015 \\$VZ](#)

[AT&T Inc. Annual Valuation – 2015 \\$T](#)

[CenturyLink Inc. Annual Valuation – 2014 \\$CTL](#)

[Harris Corporation Quarterly Valuation – December 2014 \\$HRS](#)

[Frontier Communications Corp Annual Valuation – 2014 \\$FTR](#)

[AT&T Inc. Quarterly Valuation – November 2014 \\$T](#)