

ModernGraham Valuation

Company Name:

Arrow Electronics,
Inc.

Company Ticker ARW

Date of Analysis

8/26/2015



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	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 years using 3 year averages at beginning and end	Pass
5. Earnings Growth		Pass
6. Moderate PEmg Ratio	PEmg < 20	Pass
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	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	4.94
MG Growth Estimate	14.18%
MG Value	\$182.08
MG Value based on 3% Growth	\$71.64
MG Value based on 0% Growth	\$42.00
Market Implied Growth Rate	1.02%

MG Opinion

Current Price	\$52.03
% of Intrinsic Value	28.57%
Opinion	Undervalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$3.26
PEmg	10.53
Current Ratio	1.67
PB Ratio	1.22
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	\$5.67	Next Fiscal Year Estimate	\$4.94
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 Jun15	
Dec97	\$1.64	Total Current Assets	\$8,303,133,000
Dec96	\$1.98	Total Current Liabilities	\$4,977,169,000
Dec95	\$2.02	Long-Term Debt	\$2,544,388,000
		Total Assets	\$12,111,810,000
		Intangible Assets	\$2,766,242,000
		Total Liabilities	\$7,987,784,000
		Shares Outstanding (Diluted Average)	96,649,000



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
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posts about related
companies

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[Broadcom Corporation Analysis – August 2015 Update \\$BRCM](#)
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