

ModernGraham Valuation

Company Name:

TE Connectivity Ltd

Company Ticker

TEL

Date of Analysis

8/23/2015



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		
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	Pass
5. Earnings Growth	EPSmg greater than 5 years ago	Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	3.70
MG Growth Estimate	15.00%
MG Value	\$142.27
MG Value based on 3% Growth	\$53.58
MG Value based on 0% Growth	\$31.41
Market Implied Growth Rate	3.70%

MG Opinion

Current Price	\$58.77
% of Intrinsic Value	41.31%
Opinion	Undervalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$8.68
PEmg	15.90
Current Ratio	1.91
PB Ratio	2.65
Dividend Yield	2.04%
Number of Consecutive Years of Dividend Growth	5

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	\$4.26	Next Fiscal Year Estimate	\$3.70
Sep14	\$4.27	Sep14	\$3.28
Sep13	\$3.02	Sep13	\$2.11
Sep12	\$2.59	Sep12	\$1.39
Sep11	\$2.81	Sep11	\$0.57
Sep10	\$2.41	Sep10	-\$0.35
Sep09	-\$7.11	Sep09	-\$1.14
Sep08	\$3.67	Sep08	\$1.82
Sep07	-\$1.11	Sep07	\$0.90
Sep06	\$2.40	Sep06	\$1.66
Sep05	\$2.30	Sep05	\$1.08
Sep04	\$1.53	Sep04	\$0.39
Sep03	-\$0.46	Sep03	-\$0.15
Sep02	\$0.00	Sep02	\$0.00
Sep01	\$0.00	Sep01	\$0.00
Sep00	\$0.00	Sep00	\$0.00
Sep99	\$0.00	Sep99	\$0.00
Sep98	\$0.00	Balance Sheet Information Jun15	
Sep97	\$0.00	Total Current Assets	\$7,736,000,000
Sep96	\$0.00	Total Current Liabilities	\$4,041,000,000
Sep95	\$0.00	Long-Term Debt	\$3,395,000,000
		Total Assets	\$20,441,000,000
		Intangible Assets	\$6,438,000,000
		Total Liabilities	\$11,312,000,000
		Shares Outstanding (Diluted Average)	412,000,000



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

[The 12 Best Stocks For Value Investors This Week – 5/30/15](#)
[The Best Value Stocks of the IT Hardware Industry – May 2015](#)
[TE Connectivity Limited Quarterly Valuation – May 2015 \\$TEL](#)
[27 Companies in the Spotlight This Week – 2/14/15](#)
[T.E. Connectivity Limited Quarterly Valuation – February 2015 \\$TEL](#)

Other
ModernGraham
posts about related
companies

[Broadcom Corporation Analysis – August 2015 Update \\$BRCM](#)
[SanDisk Corporation Analysis – August 2015 Update \\$SNDK](#)
[Corning Inc. Analysis – August 2015 Update \\$GLW](#)
[Intel Corporation Analysis – August 2015 Update \\$INTC](#)
[Advanced Micro Devices Inc. Analysis – Initial Coverage \\$AMD](#)
[Nvidia Corporation Analysis – August 2015 Update \\$NVDA](#)
[Applied Materials Inc. Analysis – August 2015 Update \\$AMAT](#)
[Xilinx Inc. Analysis – August 2015 Update \\$XLNX](#)
[Qorvo Inc. Analysis – Initial Coverage \\$QRVO](#)
[Agilent Technologies Inc. Analysis – July 2015 Update \\$A](#)