

ModernGraham Valuation

Company Name:

Harris Corporation

Company Ticker HRS

Date of Analysis

9/23/2015



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	\$8,924,600,851	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.54	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	97.13%	Pass
6. Moderate PEmg Ratio	PEmg < 20	18.61	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.36	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	1.54	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	4.07	Fail
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	Yes
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.86
MG Growth Estimate	8.92%
MG Value	\$101.76
MG Value based on 3% Growth	\$56.04
MG Value based on 0% Growth	\$32.85
Market Implied Growth Rate	5.06%

MG Opinion

Current Price	\$71.93
% of Intrinsic Value	70.69%
Opinion	Undervalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$55.63
Graham Number	\$64.51
PEmg	18.61
Current Ratio	1.54
PB Ratio	2.36
Dividend Yield	2.61%
Number of Consecutive Years of Dividend Growth	14

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	\$5.68	Next Fiscal Year Estimate	\$3.86
Jun15	\$3.11	Jun15	\$2.90
Jun14	\$4.95	Jun14	\$2.87
Jun13	\$1.01	Jun13	\$1.92
Jun12	\$0.26	Jun12	\$2.42
Jun11	\$4.60	Jun11	\$3.39
Jun10	\$4.28	Jun10	\$2.72
Jun09	\$0.28	Jun09	\$1.97
Jun08	\$3.26	Jun08	\$2.60
Jun07	\$3.43	Jun07	\$2.05
Jun06	\$1.71	Jun06	\$1.26
Jun05	\$1.46	Jun05	\$0.94
Jun04	\$1.00	Jun04	\$0.61
Jun03	\$0.45	Jun03	\$0.39
Jun02	\$0.63	Jun02	\$0.38
Jun01	\$0.16	Jun01	\$0.31
Jun00	\$0.13	Jun00	\$0.46
Jun99	\$0.34	Balance Sheet Information Jun15	
Jun98	\$0.83	Total Current Assets	\$3,524,000,000
Jun97	\$0.66	Total Current Liabilities	\$2,281,000,000
Jun96	\$1.15	Long-Term Debt	\$5,053,000,000
		Total Assets	\$13,129,000,000
		Intangible Assets	\$8,123,000,000
		Total Liabilities	\$9,732,000,000
		Shares Outstanding (Diluted Average)	111,600,000





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

- [Harris Corporation Analysis – June 2015 Update \\$HRS](#)
- [18 Companies in the Spotlight This Week – 3/21/15](#)
- [Harris Corporation Quarterly Valuation – March 2015 \\$HRS](#)
- [26 Companies in the Spotlight This Week – 12/13/14](#)
- [Harris Corporation Quarterly Valuation – December 2014 \\$HRS](#)

Other ModernGraham posts about related companies

- [Arris Group Inc. Analysis – Initial Coverage \\$ARRS](#)
- [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](#)