

# ModernGraham Valuation

## Company Name:

Company Ticker HON  
Date of Analysis

Honeywell  
International Inc.

10/20/2015



## 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	\$75,805,206,083	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.43	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	73.20%	Pass
6. Moderate PEmg Ratio	PEmg < 20	19.27	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.32	Fail

*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	1.43	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.79	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

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

## Stage 2: Determination of Intrinsic Value

EPSmg	\$5.10
MG Growth Estimate	13.54%
<b>MG Value</b>	<b>\$181.65</b>
MG Value based on 3% Growth	\$74.02
MG Value based on 0% Growth	\$43.39
Market Implied Growth Rate	5.38%

### MG Opinion

Current Price	\$98.36
% of Intrinsic Value	54.15%
<b>Opinion</b>	<b>Undervalued</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$6.90
Graham Number	\$56.23
PEmg	19.27
Current Ratio	1.43
PB Ratio	4.32
Dividend Yield	2.11%
Number of Consecutive Years of Dividend Growth	5

### 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	\$6.10	Next Fiscal Year Estimate	\$5.10
Dec14	\$5.33	Dec14	\$4.35
Dec13	\$4.92	Dec13	\$3.63
Dec12	\$3.69	Dec12	\$2.97
Dec11	\$2.61	Dec11	\$2.68
Dec10	\$2.59	Dec10	\$2.75
Dec09	\$2.05	Dec09	\$2.78
Dec08	\$3.76	Dec08	\$2.95
Dec07	\$3.16	Dec07	\$2.40
Dec06	\$2.52	Dec06	\$1.82
Dec05	\$1.92	Dec05	\$1.28
Dec04	\$1.45	Dec04	\$0.95
Dec03	\$1.52	Dec03	\$0.80
Dec02	-\$0.31	Dec02	\$0.68
Dec01	-\$0.12	Dec01	\$1.33
Dec00	\$2.05	Dec00	\$2.04
Dec99	\$1.90	Dec99	\$1.99
Dec98	\$2.34	<b>Balance Sheet Information                      Sep15</b>	
Dec97	\$2.00	Total Current Assets	\$23,479,000,000
Dec96	\$1.73	Total Current Liabilities	\$16,367,000,000
Dec95	\$1.55	Long-Term Debt	\$5,599,000,000
		Total Assets	\$46,625,000,000
		Intangible Assets	\$14,755,000,000
		Total Liabilities	\$28,865,000,000
		Shares Outstanding (Diluted Average)	780,400,000





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 16 Best Stocks For Value Investors This Week – 8/1/15](#)  
[Honeywell International Inc. Analysis – July 2015 Update \\$HON](#)  
[21 Companies in the Spotlight This Week – 5/9/15](#)  
[Honeywell International Inc. Quarterly Valuation – May 2015 \\$HON](#)  
[58 Companies in the Spotlight This Week – 1/31/15](#)

Other  
ModernGraham  
posts about related  
companies

[Raven Industries Inc. Analysis – October 2015 Update \\$RAVN](#)  
[Illinois Tool Works Inc. Analysis – October 2015 Update \\$ITW](#)  
[3M Company Analysis – September 2015 Update \\$MMM](#)  
[Honeywell International Inc. Analysis – July 2015 Update \\$HON](#)  
[Raven Industries Inc. Analysis – Initial Coverage \\$RAVN](#)  
[Illinois Tool Works Analysis – July 2015 Update \\$ITW](#)  
[3M Company Quarterly Valuation – May 2015 \\$MMM](#)  
[Honeywell International Inc. Quarterly Valuation – May 2015 \\$HON](#)  
[Illinois Tool Works Inc. Quarterly Valuation – March 2015 \\$ITW](#)  
[General Electric Annual Valuation – 2015 \\$GE](#)