

ModernGraham Valuation

Company Name:

Raytheon Company

Company Ticker

RTN

Date of Analysis

10/27/2015



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	\$35,851,416,593	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.51	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	58.76%	Pass
6. Moderate PEmg Ratio	PEmg < 20	18.33	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.55	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	1.51	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.67	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	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$6.45
MG Growth Estimate	4.56%
MG Value	\$113.68
MG Value based on 3% Growth	\$93.55
MG Value based on 0% Growth	\$54.84
Market Implied Growth Rate	4.91%

MG Opinion

Current Price	\$118.25
% of Intrinsic Value	104.02%
Opinion	Fairly Valued

Stage 3: Information for Further Research

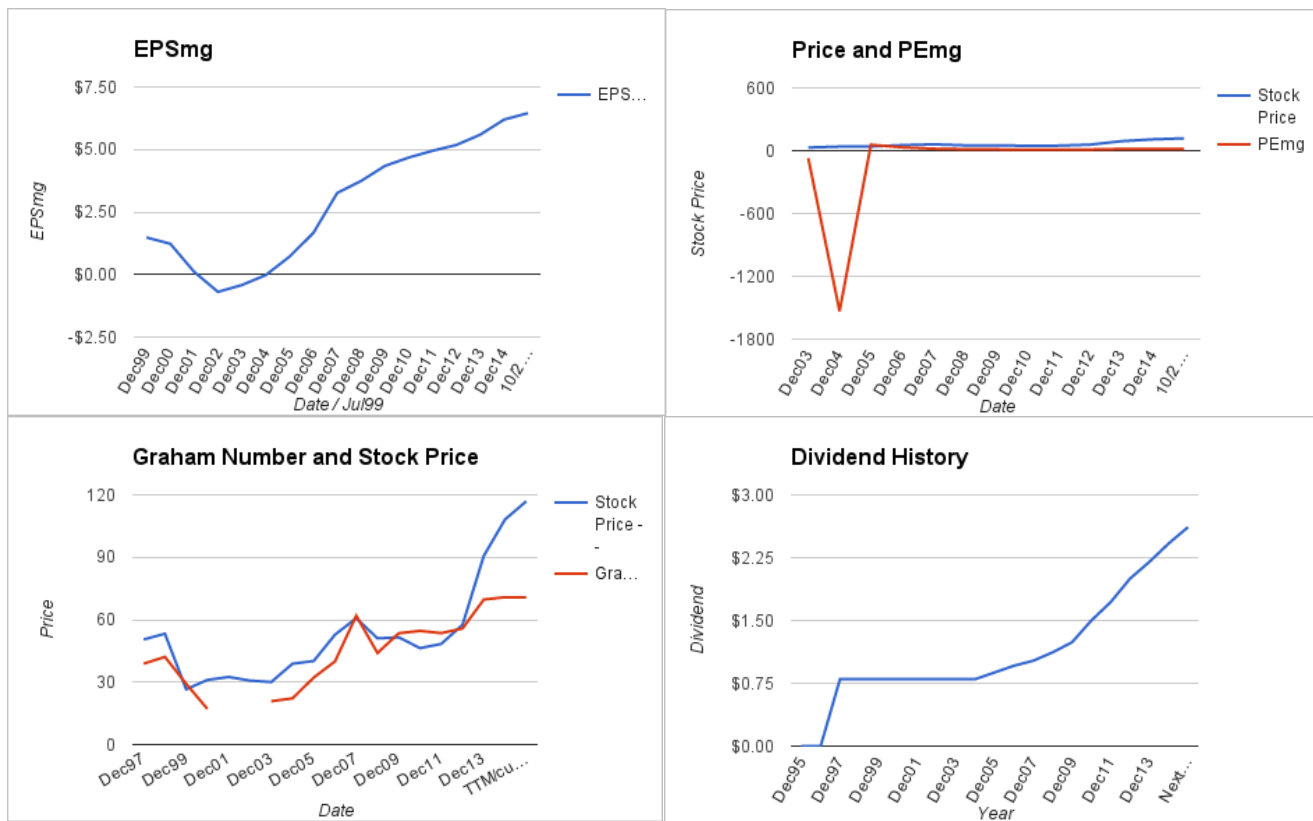
Net Current Asset Value (NCAV)	-\$31.46
Graham Number	\$70.75
PEmg	18.33
Current Ratio	1.51
PB Ratio	3.55
Dividend Yield	2.21%
Number of Consecutive Years of Dividend Growth	11

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	\$6.60	Next Fiscal Year Estimate	\$6.45
Dec14	\$7.18	Dec14	\$6.20
Dec13	\$6.16	Dec13	\$5.59
Dec12	\$5.65	Dec12	\$5.18
Dec11	\$5.28	Dec11	\$4.95
Dec10	\$4.88	Dec10	\$4.68
Dec09	\$4.89	Dec09	\$4.34
Dec08	\$3.92	Dec08	\$3.74
Dec07	\$5.79	Dec07	\$3.26
Dec06	\$2.85	Dec06	\$1.66
Dec05	\$1.92	Dec05	\$0.71
Dec04	\$0.94	Dec04	-\$0.03
Dec03	\$0.88	Dec03	-\$0.42
Dec02	-\$1.59	Dec02	-\$0.69
Dec01	-\$2.12	Dec01	\$0.11
Dec00	\$0.41	Dec00	\$1.23
Dec99	\$1.17	Dec99	\$1.48
Dec98	\$2.46	Balance Sheet Information Sep15	
Dec97	\$2.18	Total Current Assets	\$9,528,000,000
Dec96	\$0.00	Total Current Liabilities	\$6,328,000,000
Dec95	\$0.00	Long-Term Debt	\$5,334,000,000
		Total Assets	\$29,249,000,000
		Intangible Assets	\$14,681,000,000
		Total Liabilities	\$19,101,000,000
		Shares Outstanding (Diluted Average)	304,300,000





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:

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company

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[Raytheon Company Analysis – July 2015 Update \\$RTN](#)
[Raytheon Corporation Quarterly Valuation – April 2015 \\$RTN](#)
[58 Companies in the Spotlight This Week – 1/31/15](#)
[Raytheon Company Quarterly Valuation – January 2015 \\$RTN](#)

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[Raytheon Company Analysis – July 2015 Update \\$RTN](#)
[Precision Castparts Corporation Analysis – June 2015 Update \\$PCP](#)
[L3 Communications Holdings Inc. Quarterly Valuation – May 2015 \\$LLL](#)
[Raytheon Corporation Quarterly Valuation – April 2015 \\$RTN](#)
[Precision Castparts Corporation Quarterly Valuation – February 2015 \\$PCP](#)
[L-3 Communications Holdings Inc. Quarterly Valuation – February 2015 \\$LLL](#)
[Lockheed Martin Corporation Annual Valuation – 2015 \\$LMT](#)
[Raytheon Company Quarterly Valuation – January 2015 \\$RTN](#)
[General Dynamics Corporation Annual Valuation – 2014 \\$GD](#)