

# ModernGraham Valuation

Company Name:

TE Connectivity Ltd

Company Ticker TEL

Date of Analysis

12/10/2015



## 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	\$24,901,565,672	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.20	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	-407.91%	Fail
6. Moderate PEmg Ratio	PEmg < 20	14.99	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.71	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	2.20	Pass
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	\$4.28
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$164.91</b>
MG Value based on 3% Growth	\$62.11
MG Value based on 0% Growth	\$36.41
Market Implied Growth Rate	3.25%

### MG Opinion

Current Price	\$64.21
% of Intrinsic Value	38.94%
<b>Opinion</b>	<b>Undervalued</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$7.74
Graham Number	\$45.91
PEmg	14.99
Current Ratio	2.20
PB Ratio	2.71
Dividend Yield	1.93%
Number of Consecutive Years of Dividend Growth	6

### 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	\$3.85	Next Fiscal Year Estimate	\$4.28
Sep15	\$5.89	Sep15	\$4.24
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	<b>Balance Sheet Information</b>	
Sep98	\$0.00	<b>Sep15</b>	
Sep97	\$0.00	Total Current Assets	\$7,887,000,000
Sep96	\$0.00	Total Current Liabilities	\$3,577,000,000
		Long-Term Debt	\$3,403,000,000
		Total Assets	\$20,608,000,000
		Intangible Assets	\$6,379,000,000
		Total Liabilities	\$11,023,000,000
		Shares Outstanding (Diluted Average)	405,000,000





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 Best Stocks of the IT Hardware Industry – September 2015](#)
- [19 Best Stocks For Value Investors This Week – 8/29/15](#)
- [TE Connectivity Limited Analysis – August 2015 Update \\$TEL](#)
- [The 12 Best Stocks For Value Investors This Week – 5/30/15](#)
- [The Best Value Stocks of the IT Hardware Industry – May 2015](#)

Other ModernGraham posts about related companies

- [Broadcom Corp Valuation – November 2015 Update \\$BRCM](#)
- [SanDisk Corp Valuation – November 2015 Update \\$SNDK](#)
- [Corning Inc Valuation – November 2015 Update \\$GLW](#)
- [Intel Corp Valuation – November 2015 Update \\$INTC](#)
- [FLIR Systems Inc. Valuation – November 2015 Update \\$FLIR](#)
- [NVIDIA Corporation Valuation – November 2015 Update \\$NVDA](#)
- [FMC Technologies Inc. Valuation – November 2015 Update \\$FTI](#)
- [Applied Materials Inc Valuation – November 2015 Update \\$AMAT](#)
- [Micron Technology Inc. Valuation – November 2015 Update \\$MU](#)
- [Xilinx Inc. Valuation – November 2015 Update \\$XLNX](#)