

ModernGraham Valuation

Company Name:

Textron Inc.

Company Ticker

TXT

Date of Analysis

12/11/2015



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	\$11,393,021,966	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.61	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-19.36%	Fail
5. Earnings Growth	PEmg < 20	19.97	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.43	Pass
7. Moderate Price to Assets			

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	1.61	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.32	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	\$2.05
MG Growth Estimate	15.00%
MG Value	\$79.08
MG Value based on 3% Growth	\$29.78
MG Value based on 0% Growth	\$17.46
Market Implied Growth Rate	5.74%

MG Opinion

Current Price	\$41.02
% of Intrinsic Value	51.87%
Opinion	Undervalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$12.46
Graham Number	\$30.75
PEmg	19.97
Current Ratio	1.61
PB Ratio	2.43
Dividend Yield	0.20%
Number of Consecutive Years of Dividend Growth	0

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	\$2.45	Next Fiscal Year Estimate	\$2.05
Dec14	\$2.13	Dec14	\$1.70
Dec13	\$1.75	Dec13	\$1.30
Dec12	\$2.00	Dec12	\$1.05
Dec11	\$0.79	Dec11	\$0.81
Dec10	\$0.28	Dec10	\$1.08
Dec09	-\$0.12	Dec09	\$1.56
Dec08	\$1.94	Dec08	\$2.26
Dec07	\$3.60	Dec07	\$2.20
Dec06	\$2.31	Dec06	\$1.33
Dec05	\$0.75	Dec05	\$0.76
Dec04	\$1.31	Dec04	\$0.72
Dec03	\$0.95	Dec03	\$0.54
Dec02	-\$0.45	Dec02	\$0.50
Dec01	\$0.58	Dec01	\$1.07
Dec00	\$0.75	Dec00	\$1.30
Dec99	\$1.91	Dec99	\$1.52
Dec98	\$1.37	Balance Sheet Information Sep15	
Dec97	\$1.65	Total Current Assets	\$6,737,000,000
Dec96	\$0.74	Total Current Liabilities	\$4,189,000,000
Dec95	\$1.38	Long-Term Debt	\$3,358,000,000
		Total Assets	\$14,898,000,000
		Intangible Assets	\$2,026,000,000
		Total Liabilities	\$10,202,000,000
		Shares Outstanding (Diluted Average)	278,039,000





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.

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