# ModernGraham Valuation

## Company Name: Rockwell Collins, Inc.

Company Ticker COL

Date of Analysis 1/8/2016

### 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 | $11,716,179,562 | 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 | 29.45% | Fail |
| 6. Moderate PEmg Ratio | PEmg < 20 | 18.04 | Pass |
| 7. Moderate Price to Assets | PB Ratio < 2.5 OR PB*PEmg < 50 | 6.22 | 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 | 1.54 | 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 | $4.85 |
| MG Growth Estimate | 3.44% |
| **MG Value** | **$74.58** |
| MG Value based on 3% Growth | $70.32 |
| MG Value based on 0% Growth | $41.22 |
| Market Implied Growth Rate | 4.77% |

*MG Opinion*

| | | |
|---|---|---|
| Current Price | | $87.50 |
| % of Intrinsic Value | | 117.32% |
| **Opinion** | **Overvalued** | |

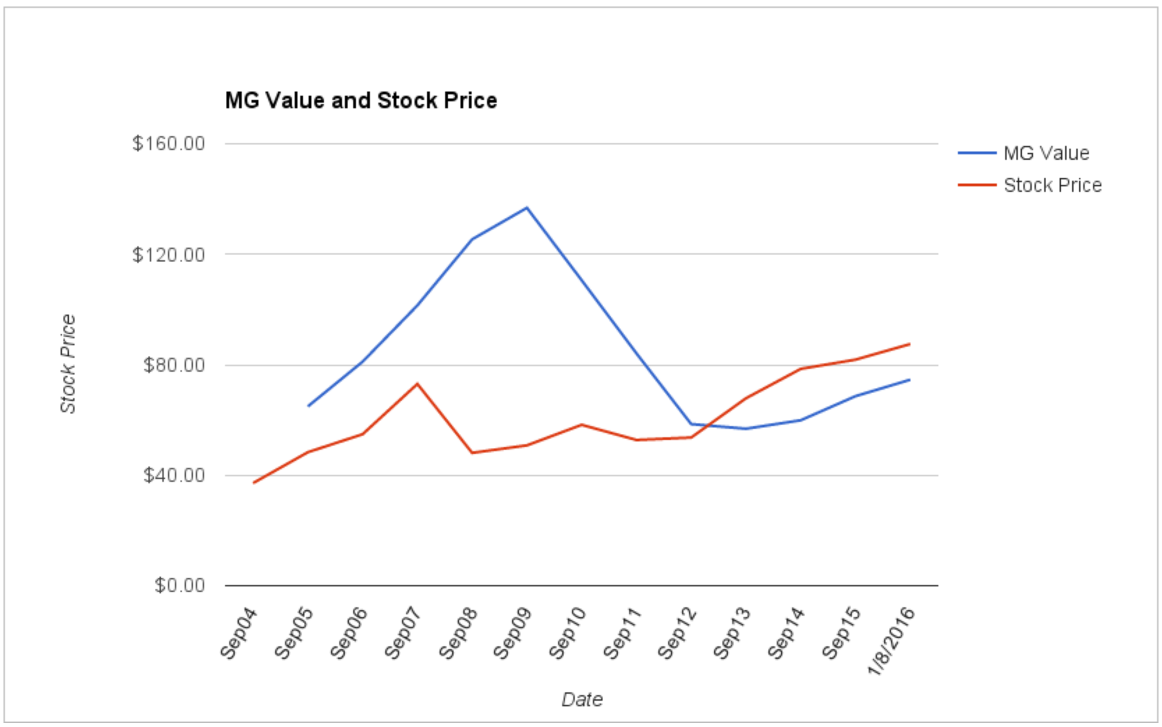
### Stage 3: Information for Further Research

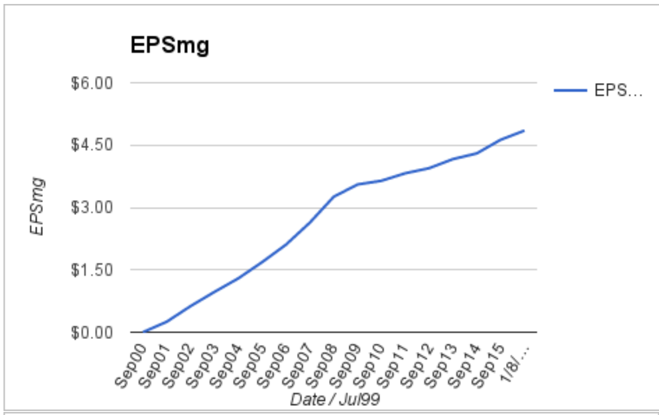
| | |
|---|---|
| Net Current Asset Value (NCAV) | -$17.12 |
| Graham Number | $40.51 |
| PEmg | 18.04 |
| Current Ratio | 1.51 |
| PB Ratio | 6.22 |
| Dividend Yield | 1.44% |
| Number of Consecutive Years of Dividend Growth | 2 |

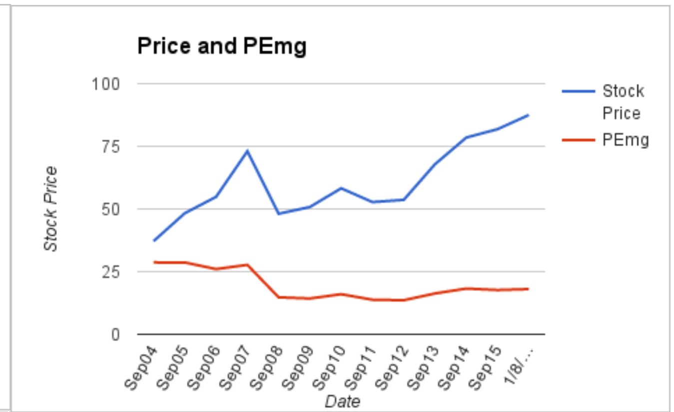
**Useful Links:**

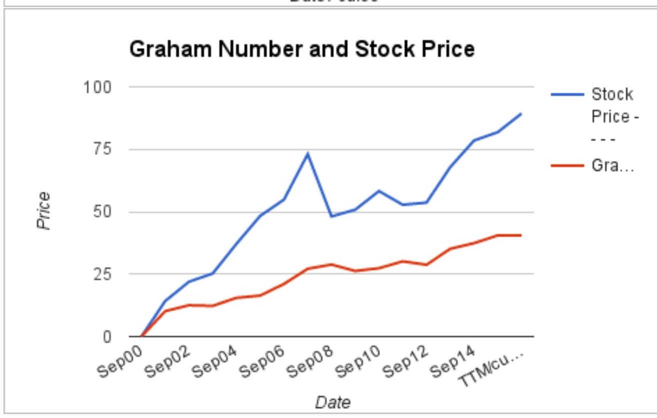
| | |
|---|---|
| ModernGraham tagged articles | Morningstar |
| Google Finance | MSN Money |
| Yahoo Finance | Seeking Alpha |
| GuruFocus | SEC Filings |

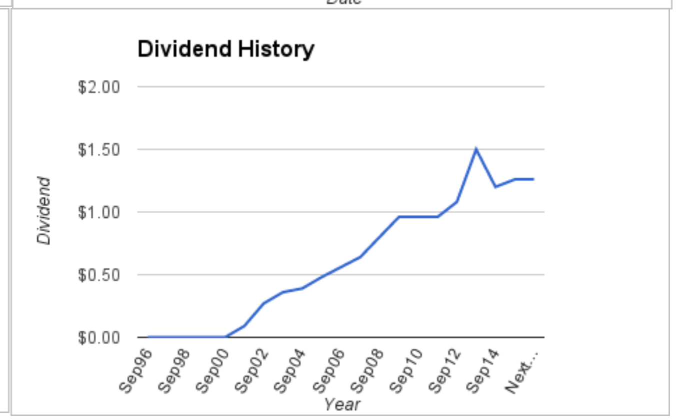
| **EPS History** | | **EPSmg History** | |
|---|---|---|---|
| Next Fiscal Year Estimate | $5.13 | Next Fiscal Year Estimate | $4.85 |
| Sep15 | $5.13 | Sep15 | $4.63 |
| Sep14 | $4.42 | Sep14 | $4.30 |
| Sep13 | $4.58 | Sep13 | $4.16 |
| Sep12 | $4.15 | Sep12 | $3.94 |
| Sep11 | $4.06 | Sep11 | $3.82 |
| Sep10 | $3.52 | Sep10 | $3.64 |
| Sep09 | $3.73 | Sep09 | $3.55 |
| Sep08 | $4.16 | Sep08 | $3.26 |
| Sep07 | $3.45 | Sep07 | $2.64 |
| Sep06 | $2.73 | Sep06 | $2.11 |
| Sep05 | $2.20 | Sep05 | $1.69 |
| Sep04 | $1.67 | Sep04 | $1.29 |
| Sep03 | $1.43 | Sep03 | $0.97 |
| Sep02 | $1.28 | Sep02 | $0.63 |
| Sep01 | $0.76 | Sep01 | $0.25 |
| Sep00 | $0.00 | Sep00 | $0.00 |
| Sep99 | $0.00 | **Balance Sheet Information** **Sep15** | |
| Sep98 | $0.00 | Total Current Assets | $3,233,000,000 |
| Sep97 | $0.00 | Total Current Liabilities | $2,144,000,000 |
| Sep96 | $0.00 | Long-Term Debt | $1,680,000,000 |
| | | Total Assets | $7,389,000,000 |
| | | Intangible Assets | $2,607,000,000 |
| | | Total Liabilities | $5,514,000,000 |
| | | Shares Outstanding (Diluted Average) | 133,200,000 |






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**

- 32 Companies in the Spotlight This Week – 12/6/14
- Rockwell Collins Inc. Annual Valuation – 2014 $COL

**Other ModernGraham posts about related companies**

- General Dynamics Corporation Valuation – January 2016 Update $GD
- Precision Castparts Corporation Valuation – January 2016 Update $PCP
- United Technologies Corp Valuation – November 2015 Update $UTX
- Northrop Grumman Corporation Valuation – November 2015 Update $NOC
- Raytheon Company Valuation – October 2015 Update $RTN
- Precision Castparts Corporation Analysis – October 2015 Update $PCP
- 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