

ModernGraham Valuation

Company Name:

Raytheon Company

Company Ticker RTN

Date of Analysis

2/18/2016



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	\$36,554,548,276	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.60	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	42.74%	Pass
6. Moderate PEmg Ratio	PEmg < 20	18.07	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.67	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	1.60	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.45	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	\$6.73
MG Growth Estimate	4.50%
MG Value	\$117.81
MG Value based on 3% Growth	\$97.64
MG Value based on 0% Growth	\$57.24
Market Implied Growth Rate	4.78%

MG Opinion

Current Price	\$121.68
% of Intrinsic Value	103.28%
Opinion	Fairly Valued
MG Grade	B-

Stage 3: Information for Further Research

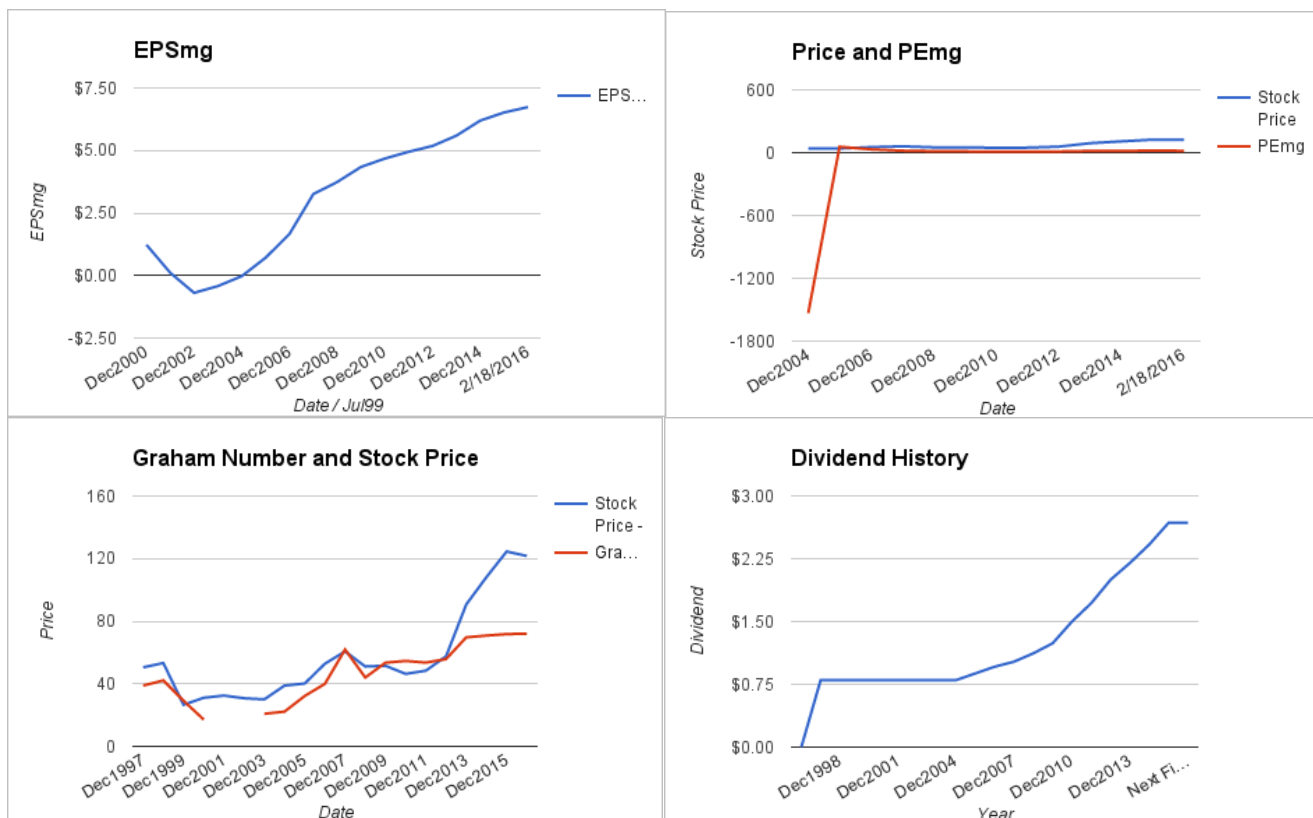
Net Current Asset Value (NCAV)	-\$30.61
Graham Number	\$72.06
PEmg	18.07
Current Ratio	1.60
PB Ratio	3.67
Dividend Yield	2.20%
Number of Consecutive Years of Dividend Growth	12

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	\$6.86	Next Fiscal Year Estimate	\$6.73
Dec2015	\$6.80	Dec2015	\$6.52
Dec2014	\$7.18	Dec2014	\$6.20
Dec2013	\$6.16	Dec2013	\$5.59
Dec2012	\$5.65	Dec2012	\$5.18
Dec2011	\$5.28	Dec2011	\$4.95
Dec2010	\$4.88	Dec2010	\$4.68
Dec2009	\$4.89	Dec2009	\$4.34
Dec2008	\$3.92	Dec2008	\$3.74
Dec2007	\$5.79	Dec2007	\$3.26
Dec2006	\$2.85	Dec2006	\$1.66
Dec2005	\$1.92	Dec2005	\$0.71
Dec2004	\$0.94	Dec2004	-\$0.03
Dec2003	\$0.88	Dec2003	-\$0.42
Dec2002	-\$1.59	Dec2002	-\$0.69
Dec2001	-\$2.12	Dec2001	\$0.11
Dec2000	\$0.41	Dec2000	\$1.23
Dec1999	\$1.17	Balance Sheet Information <div>Dec2015</div> <div> <div>Total Current Assets</div> <div>\$9,812,000,000</div> <div>Total Current Liabilities</div> <div>\$6,126,000,000</div> <div>Long-Term Debt</div> <div>\$5,330,000,000</div> <div>Total Assets</div> <div>\$29,281,000,000</div> <div>Intangible Assets</div> <div>\$14,731,000,000</div> <div>Total Liabilities</div> <div>\$19,153,000,000</div> <div>Shares Outstanding (Diluted Average)</div> <div>305,200,000</div> </div>	
Dec1998	\$2.46		
Dec1997	\$2.18		
Dec1996	\$0.00		





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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posts about the
company

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[The 16 Best Stocks For Value Investors This Week – 8/1/15](#)
[Raytheon Company Analysis – July 2015 Update \\$RTN](#)
[Raytheon Corporation Quarterly Valuation – April 2015 \\$RTN](#)
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[Precision Castparts Corporation Valuation – January 2016 Update \\$PCP](#)
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[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](#)