# **ModernGraham Valuation**

## **Company Name:**

Arrow Electronics, Inc.



Company Ticker Date of Analysis

7/2/2016

## 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.

ARW

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$5,802,678,814 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.71 Fail
3. Earnings Stability	Positive EPS for 10 years prior	Fail
4. Dividend Record	Dividend Payments for 10 years prior	Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at	

5. Earnings Growth beginning and end -2224.68% Fail
6. Moderate PEmg Ratio PEmg < 20 11.76 Pass
7. Moderate Price to Assets PB Ratio < 2.5 OR PB\*PEmg < 50 1.33 Pass

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial ConditionCurrent Ratio > 1.51.71 Pass2. Sufficiently Strong Financial ConditionDebt to NCA < 1.1</td>0.76 Pass3. Earnings StabilityPositive EPS for 5 years priorPass4. Dividend RecordCurrently Pays DividendFail5. Earnings GrowthEPSmg greater than 5 years agoPass

Suitability

Defensive No Enterprising Yes

## Stage 2: Determination of Intrinsic Value

EPSmg	\$5.26
MG Growth Estimate	7.55%
MG Value	\$124.11
MG Value based on 3% Growth	\$76.27
MG Value based on 0% Growth	\$44.71
Market Implied Growth Rate	1.63%

MG Opinion

Current Price \$61.86 % of Intrinsic Value 49.84%

Opinion Undervalued MG Grade B+

### Stage 3: Information for Further Research

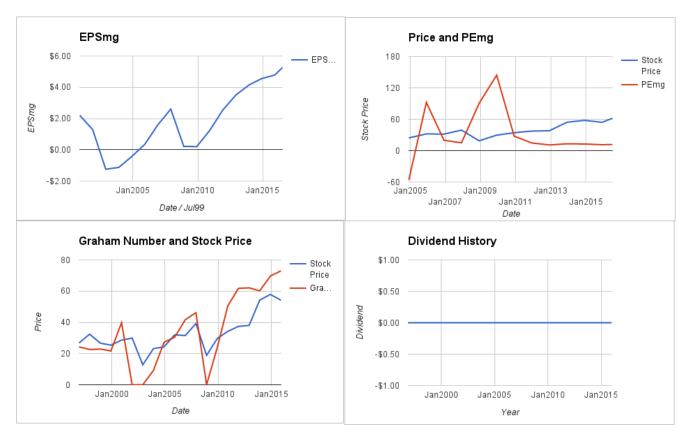
Net Current Asset Value (NCAV)	\$4.25
Graham Number	\$81.27
PEmg	11.76
Current Ratio	1.71
PB Ratio	1.33
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

Useful Links: ModernGraham tagged articles Morningstar

Google Finance MSN Money

EPS History		EPSmg History	
Next Fiscal Year	00.40	No definition of the state	45.00
Estimate	• • •	Next Fiscal Year Estimate	\$5.26
Dec2015	\$5.20		\$4.78
Dec2014	\$4.98	Dec2014	\$4.56
Dec2013	\$3.85	Dec2013	\$4.14
Dec2012	\$4.56	Dec2012	\$3.50
Dec2011	\$5.17	Dec2011	\$2.54
Dec2010	\$4.01	Dec2010	\$1.24
Dec2009	\$1.03	Dec2009	\$0.21
Dec2008	-\$5.08	Dec2008	\$0.21
Dec2007	\$3.28	Dec2007	\$2.60
Dec2006	\$3.16	Dec2006	\$1.59
Dec2005	\$2.09	Dec2005	\$0.35
Dec2004	\$1.75	Dec2004	-\$0.43
Dec2003	\$0.25	Dec2003	-\$1.13
Dec2002	-\$6.12	Dec2002	-\$1.24
Dec2001	-\$0.75	Dec2001	\$1.28
Dec2000	\$3.62	Dec2000	\$2.20
Dec1999	\$1.29	Balance Sheet Information	3/1/2016
Dec1998	\$1.50	Total Current Assets	\$8,427,570,000
Dec1997	\$1.64	Total Current Liabilities	\$4,920,803,000
Dec1996	\$1.98	Long-Term Debt	\$2,649,042,000
		Total Assets	\$12,352,787,000
		Intangible Assets	\$383,503,000
		Total Liabilities	\$8,033,407,000
		Shares Outstanding (Diluted Average)	92,787,000





#### 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 13 Best Stocks For Value Investors This Week – 12/12/15

Arrow Electronics Inc Valuation – December 2015 Update \$ARW
10 Low PE Stocks for the Enterprising Investor – November 2015

The Best Stocks of the IT Hardware Industry – September 2015

19 Best Stocks For Value Investors This Week – 8/29/15

Other ModernGraham posts about related companies Lam Research Corp Valuation – June 2016 \$LRCX
TE Connectivity Ltd Valuation – June 2016 \$TEL
Juniper Networks Inc Valuation – June 2016 \$JNPR
Nvidia Corporation Valuation – June 2016 \$NVDA
Intel Corporation Valuation – May 2016 \$INTC
HP Inc Valuation – May 2016 \$HPQ
FLIR Systems Inc Valuation – May 2016 \$FLIR
NetApp Inc Valuation – March 2016 \$NTAP
Applied Materials Inc Valuation – February 2016 \$AMAT
Skyworks Solutions Inc Stock Valuation – February 2016 \$SWKS