

ModernGraham Valuation

Company Name:

Company Ticker ARW
Date of Analysis

Arrow Electronics,
Inc.

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.

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 beginning and end	-2224.68%	Fail
5. Earnings Growth	PEmg < 20	11.76	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.33	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	1.71	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.76	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

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 Estimate	\$6.18	Next Fiscal Year Estimate	\$5.26
Dec2015	\$5.20	Dec2015	\$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](#)