

# ModernGraham Valuation

## Company Name:

Company Ticker LLL  
Date of Analysis

L-3 Communications  
Holdings, Inc.

7/12/2016



## 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	\$11,442,992,502	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.52	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	-42.14%	Fail
6. Moderate PEmg Ratio	PEmg < 20	29.94	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.70	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	1.52	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.27	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Fail

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$4.99
MG Growth Estimate	-4.25%
<b>MG Value</b>	<b>\$0.00</b>
MG Value based on 3% Growth	\$72.35
MG Value based on 0% Growth	\$42.41
Market Implied Growth Rate	10.72%

### MG Opinion

Current Price	\$149.39
% of Intrinsic Value	N/A
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>F</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$43.92
Graham Number	\$99.03
PEmg	29.94
Current Ratio	1.52
PB Ratio	2.70
Current Dividend	\$2.65
Dividend Yield	1.77%
Number of Consecutive Years of Dividend Growth	13

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$7.70	Next Fiscal Year Estimate	\$4.99
Dec2015	-\$2.93	Dec2015	\$4.46
Dec2014	\$7.56	Dec2014	\$8.21
Dec2013	\$8.54	Dec2013	\$8.47
Dec2012	\$8.30	Dec2012	\$8.35
Dec2011	\$9.03	Dec2011	\$8.16
Dec2010	\$8.25	Dec2010	\$7.40
Dec2009	\$7.61	Dec2009	\$6.63
Dec2008	\$7.72	Dec2008	\$5.79
Dec2007	\$5.98	Dec2007	\$4.58
Dec2006	\$4.22	Dec2006	\$3.68
Dec2005	\$4.20	Dec2005	\$3.19
Dec2004	\$3.33	Dec2004	\$2.49
Dec2003	\$2.71	Dec2003	\$1.93
Dec2002	\$1.93	Dec2002	\$1.43
Dec2001	\$1.48	Dec2001	\$1.09
Dec2000	\$1.19	Dec2000	\$0.80
Dec1999	\$0.88	<b>Balance Sheet Information 3/1/2016</b>	
Dec1998	\$0.63	Total Current Assets	\$4,063,000,000
Dec1997	\$0.31	Total Current Liabilities	\$2,679,000,000
Dec1996	\$0.00	Long-Term Debt	\$3,137,000,000
		Total Assets	\$11,911,000,000
		Intangible Assets	\$6,501,000,000
		Total Liabilities	\$7,533,000,000
		Shares Outstanding (Diluted Average)	79,000,000





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:

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[L3 Communications Holdings Inc. Quarterly Valuation – May 2015 \\$LLL](#)  
[34 Companies in the Spotlight This Week – 2/7/15](#)  
[L-3 Communications Holdings Inc. Quarterly Valuation – February 2015 \\$LLL](#)  
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[United Technologies Corporation Valuation – May 2016 \\$UTX](#)  
[Raytheon Co Valuation – February 2016 \\$RTN](#)  
[Rockwell Collins Inc Valuation – January 2016 Update \\$COL](#)  
[Rockwell Collins Inc Valuation – January 2016 Update \\$COL](#)  
[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](#)