# **ModernGraham Valuation**

# **Company Name:**

Company Ticker RTN

Date of Analysis

8/25/2016



# 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	\$41,894,429,117 Pass
	2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.64 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	45.62% Pass
	6. Moderate PEmg Ratio	PEmg < 20	20.67 Fail
	7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.10 Fail
Enterprising Investor;	must pass 4 out of the following 5 tests, or i	be suitable for the Defensive Investor.	
	1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	1.64 Pass
		Delete NOA erad	

**Raytheon Company** 

2	2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.39 Fail
3	3. Earnings Stability	Positive EPS for 5 years prior	Pass
4	4. Dividend Record	Currently Pays Dividend	Pass
5	5. Earnings Growth	EPSmg greater than 5 years ago	Pass

#### Suitability

Defensive	No
Enterprising	Yes

## Stage 2: Determination of Intrinsic Value

	EPSmg		\$6.87
	MG Growth Estimate		4.90%
	MG Value		\$125.83
	MG Value based on 3% Growth		\$99.67
	MG Value based on 0% Growth		\$58.43
	Market Implied Growth Rate		6.08%
MG Opinion			
	Current Price		\$142.08
	% of Intrinsic Value		112.91%
	Opinion	Overvalued	
	MG Grade	С	

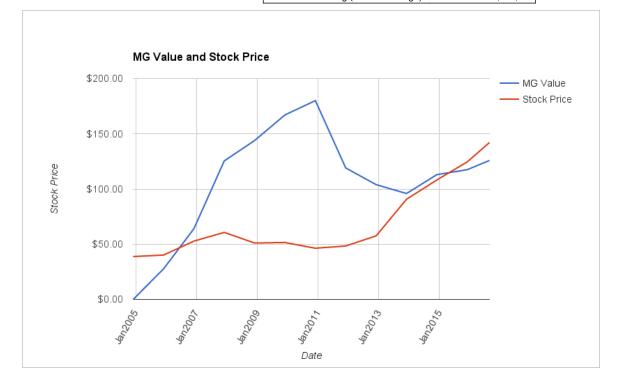
### Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$30.01
Graham Number	\$75.68
PEmg	20.67
Current Ratio	1.64
PB Ratio	4.10
Current Dividend	\$2.81
Dividend Yield	1.97%
Number of Consecutive Years of Dividend Growth	12

Useful Links:

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

EPS History		EPSmg History	
Next Fiscal Year	¢7.00	Next Fiscal Year Estimate	\$6.87
Estimate			• • •
Dec2015	\$6.80		\$6.52
Dec2014	\$7.18		\$6.20
Dec2013	\$6.16		\$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	\$0.72
Dec2004	\$0.94	Dec2004	-\$0.02
Dec2003	\$0.88	Dec2003	-\$0.41
Dec2002	-\$1.57	Dec2002	-\$0.68
Dec2001	-\$2.09	Dec2001	\$0.12
Dec2000	\$0.41	Dec2000	\$1.23
Dec1999	\$1.17	Balance Sheet Information	6/1/2016
Dec1998	\$2.46	Total Current Assets	\$9,850,000,000
Dec1997	\$2.18	Total Current Liabilities	\$6,014,000,000
Dec1996	\$0.00	Long-Term Debt	\$5,333,000,000
		Total Assets	\$29,098,000,000
		Intangible Assets	\$14,791,000,000
		Total Liabilities	\$18,782,000,000
		Shares Outstanding (Diluted Average)	297,600,000





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	10 Best Stocks For Value Investors This Week – 10/31/15	
	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	
	58 Companies in the Spotlight This Week – 1/31/15	
Other	Rockwell Collins Inc Valuation – August 2016 \$COL	
ModernGraham posts about related	L-3 Communications Holdings Inc Valuation – July 2016 \$LLL	
companies	Lockheed Martin Corporation Valuation – June 2016 \$LMT	
	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	