

ModernGraham Valuation

Company Name:

Company Ticker ARRS

Date of Analysis

1/11/2017

ARRIS International
plc



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	\$5,679,442,661	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.74	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	483.33%	Pass
5. Earnings Growth	PEmg < 20	43.37	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.91	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	1.74	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago		Pass
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$0.70
MG Growth Estimate	15.00%
MG Value	\$26.77
MG Value based on 3% Growth	\$10.08
MG Value based on 0% Growth	\$5.91
Market Implied Growth Rate	17.44%

MG Opinion

Current Price	\$30.16
% of Intrinsic Value	112.66%
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$8.26
Graham Number	\$10.71
PEmg	43.37
Current Ratio	1.74
PB Ratio	1.91
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
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$0.32	Next Fiscal Year Estimate	\$0.70
Dec2015	\$0.62	Dec2015	\$0.77
Dec2014	\$2.21	Dec2014	\$0.74
Dec2013	-\$0.37	Dec2013	\$0.08
Dec2012	\$0.46	Dec2012	\$0.24
Dec2011	-\$0.15	Dec2011	\$0.14
Dec2010	\$0.50	Dec2010	\$0.35
Dec2009	\$0.71	Dec2009	\$0.34
Dec2008	-\$1.04	Dec2008	\$0.19
Dec2007	\$0.87	Dec2007	\$0.66
Dec2006	\$1.30	Dec2006	\$0.27
Dec2005	\$0.52	Dec2005	-\$0.56
Dec2004	-\$0.33	Dec2004	-\$1.12
Dec2003	-\$0.62	Dec2003	-\$1.30
Dec2002	-\$2.33	Dec2002	-\$1.32
Dec2001	-\$3.13	Dec2001	-\$0.66
Dec2000	\$0.52	Dec2000	\$0.53
Dec1999	\$1.33	Balance Sheet Information 9/1/2016	
Dec1998	\$0.15	Total Current Assets	\$3,049,712,000
Dec1997	-\$0.55	Total Current Liabilities	\$1,753,128,000
Dec1996	\$0.67	Long-Term Debt	\$0
		Total Assets	\$7,651,816,000
		Intangible Assets	\$3,855,810,000
		Total Liabilities	\$4,631,554,000
		Shares Outstanding (Diluted Average)	191,508,000





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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ModernGraham
posts about the
company

[Arris Group Inc. Analysis – Initial Coverage \\$ARRS](#)

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ModernGraham
posts about related
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[Verizon Communications Inc Valuation – July 2016 \\$VZ](#)

[AT&T Inc Valuation – July 2016 \\$T](#)

[Harris Corporation Valuation – February 2016 \\$HRS](#)

[CenturyLink Inc Valuation – February 2016 \\$CTL](#)

[Frontier Communications Corp Valuation – November 2015 Update \\$FTR](#)

[Harris Corporation Analysis – September 2015 Update \\$HRS](#)

[Arris Group Inc. Analysis – Initial Coverage \\$ARRS](#)

[Level 3 Communications Inc. Analysis – Initial Coverage \\$LVT](#)

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