

# ModernGraham Valuation

## Company Name:

Company Ticker CMTL

Date of Analysis

1/24/2017

Comtech Telecomm.  
Corp.



## 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  | \$251,244,710 | Fail |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2  | 1.65          | 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 | -81.72%       | Fail |
| 5. Earnings Growth                         | PEmg < 20  | 22.71         | Fail |
| 6. Moderate PEmg Ratio                     | PB Ratio < 2.5 OR PB*PEmg < 50   | 0.55          | 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            | 1.65 | Pass |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1              | 2.07 | 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 |
|  | Score                          |      |      |

### Suitability

|                     |           |
|---------------------|-----------|
| <b>Defensive</b>    | <b>No</b> |
| <b>Enterprising</b> | <b>No</b> |

## Stage 2: Determination of Intrinsic Value

|                             |               |
|-----------------------------|---------------|
| EPSmg                       | \$0.48        |
| MG Growth Estimate          | -4.25%        |
| <b>MG Value</b>             | <b>\$0.00</b> |
| MG Value based on 3% Growth | \$6.94        |
| MG Value based on 0% Growth | \$4.07        |
| Market Implied Growth Rate  | 7.10%         |

### MG Opinion

|                      |                   |
|----------------------|-------------------|
| Current Price        | \$10.87           |
| % of Intrinsic Value | N/A               |
| <b>Opinion</b>       | <b>Overvalued</b> |
| <b>MG Grade</b>      | <b>D+</b>         |

## Stage 3: Information for Further Research

|  |         |
|--|---------|
| Net Current Asset Value (NCAV)                 | -\$6.38 |
| Graham Number                                  | \$9.63  |
| PEmg   | 22.71   |
| Current Ratio                                  | 1.65    |
| PB Ratio                                       | 0.55    |
| Current Dividend                               | \$1.20  |
| Dividend Yield                                 | 11.04%  |
| Number of Consecutive Years of Dividend Growth | 0       |

### Useful Links:

|  |                               |
|--|-------------------------------|
| <a href="#">ModernGraham tagged articles</a> | <a href="#">Morningstar</a>   |
| <a href="#">Google Finance</a>               | <a href="#">MSN Money</a>     |
| <a href="#">Yahoo Finance</a>                | <a href="#">Seeking Alpha</a> |
| <a href="#">GuruFocus</a>                    | <a href="#">SEC Filings</a>   |

| EPS History               |         | EPSmg History                              |               |
|---------------------------|---------|--|---------------|
| Next Fiscal Year Estimate | \$0.21  | Next Fiscal Year Estimate                  | \$0.48        |
| Jul2016                   | -\$0.46 | Jul2016                                    | \$0.72        |
| Jul2015                   | \$1.42  | Jul2015                                    | \$1.37        |
| Jul2014                   | \$1.37  | Jul2014                                    | \$1.42        |
| Jul2013                   | \$0.97  | Jul2013                                    | \$1.52        |
| Jul2012                   | \$1.42  | Jul2012                                    | \$1.86        |
| Jul2011                   | \$2.22  | Jul2011                                    | \$2.12        |
| Jul2010                   | \$1.91  | Jul2010                                    | \$2.09        |
| Jul2009                   | \$1.73  | Jul2009                                    | \$2.12        |
| Jul2008                   | \$2.76  | Jul2008                                    | \$2.16        |
| Jul2007                   | \$2.42  | Jul2007                                    | \$1.71        |
| Jul2006                   | \$1.72  | Jul2006                                    | \$1.21        |
| Jul2005                   | \$1.42  | Jul2005                                    | \$0.86        |
| Jul2004                   | \$0.92  | Jul2004                                    | \$0.49        |
| Jul2003                   | \$0.53  | Jul2003                                    | \$0.26        |
| Jul2002                   | \$0.07  | Jul2002                                    | \$0.14        |
| Jul2001                   | \$0.38  | Jul2001                                    | \$0.17        |
| Jul2000                   | -\$0.31 | <b>Balance Sheet Information 10/1/2016</b> |               |
| Jul1999                   | \$0.51  | Total Current Assets                       | \$292,908,000 |
| Jul1998                   | \$0.12  | Total Current Liabilities                  | \$177,864,000 |
| Jul1997                   | \$0.05  | Long-Term Debt                             | \$237,952,000 |
|                           |         | Total Assets                               | \$903,452,000 |
|                           |         | Intangible Assets                          | \$567,048,000 |
|                           |         | Total Liabilities                          | \$442,164,000 |
|                           |         | Shares Outstanding (Diluted Average)       | 23,385,000    |





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

#N/A

Other  
ModernGraham  
posts about related  
companies

[Windstream Holdings Inc Valuation – August 2016 \\$WIN](#)  
[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](#)  
[Windstream Holdings Analysis – 2015 Update \\$WIN](#)