

ModernGraham Valuation

Company Name:

Rockwell Collins, Inc.

Company Ticker COL

Date of Analysis

1/10/2017



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	\$12,021,091,203	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.49	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	39.70%	Pass
6. Moderate PEmg Ratio	PEmg < 20	17.80	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	5.83	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	1.49	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.21	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$5.16
MG Growth Estimate	3.58%
MG Value	\$80.74
MG Value based on 3% Growth	\$74.77
MG Value based on 0% Growth	\$43.83
Market Implied Growth Rate	4.65%

MG Opinion

Current Price	\$91.78
% of Intrinsic Value	113.67%
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$16.19
Graham Number	\$43.63
PEmg	17.80
Current Ratio	1.49
PB Ratio	5.83
Current Dividend	\$1.32
Dividend Yield	1.44%
Number of Consecutive Years of Dividend Growth	3

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	\$5.30	Next Fiscal Year Estimate	\$5.16
Sep2016	\$5.51	Sep2016	\$4.98
Sep2015	\$5.13	Sep2015	\$4.63
Sep2014	\$4.42	Sep2014	\$4.30
Sep2013	\$4.58	Sep2013	\$4.16
Sep2012	\$4.15	Sep2012	\$3.94
Sep2011	\$4.06	Sep2011	\$3.82
Sep2010	\$3.52	Sep2010	\$3.64
Sep2009	\$3.73	Sep2009	\$3.55
Sep2008	\$4.16	Sep2008	\$3.26
Sep2007	\$3.45	Sep2007	\$2.64
Sep2006	\$2.73	Sep2006	\$2.11
Sep2005	\$2.20	Sep2005	\$1.69
Sep2004	\$1.67	Sep2004	\$1.29
Sep2003	\$1.43	Sep2003	\$0.97
Sep2002	\$1.28	Sep2002	\$0.63
Sep2001	\$0.76	Sep2001	\$0.25
Sep2000	\$0.00	Balance Sheet Information	9/1/2016
Dec1999	\$0.00	Total Current Assets	\$3,490,000,000
Dec1998	\$0.00	Total Current Liabilities	\$2,346,000,000
Dec1997	\$0.00	Long-Term Debt	\$1,382,000,000
		Total Assets	\$7,707,000,000
		Intangible Assets	\$2,586,000,000
		Total Liabilities	\$5,629,000,000
		Shares Outstanding (Diluted Average)	132,100,000





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

- [Rockwell Collins Inc Valuation – January 2016 Update \\$COL](#)
- [32 Companies in the Spotlight This Week – 12/6/14](#)
- [Rockwell Collins Inc. Annual Valuation – 2014 \\$COL](#)

Other ModernGraham posts about related companies

- [Rockwell Collins Inc Valuation – August 2016 \\$COL](#)
- [L-3 Communications Holdings Inc Valuation – July 2016 \\$LLL](#)
- [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](#)
- [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](#)