

ModernGraham Valuation

Company Name:

Leidos Holdings, Inc.

Company Ticker LDOS

Date of Analysis

3/7/2017



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	\$7,994,229,200	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.18	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	-91.14%	Fail
6. Moderate PEmg Ratio	PEmg < 20	35.70	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.76	Pass

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	1.18	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	8.84	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

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.49
MG Growth Estimate	-4.25%
MG Value	\$0.00
MG Value based on 3% Growth	\$21.60
MG Value based on 0% Growth	\$12.66
Market Implied Growth Rate	13.60%

MG Opinion

Current Price	\$53.17
% of Intrinsic Value	N/A
Opinion	Overvalued
MG Grade	D+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$34.77
Graham Number	\$38.68
PEmg	35.70
Current Ratio	1.18
PB Ratio	1.76
Current Dividend	\$1.28
Dividend Yield	2.41%
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	\$3.19	Next Fiscal Year Estimate	\$1.49
Dec2016	\$2.35	Dec2016	\$0.88
Jan2015	-\$4.36	Jan2015	\$0.83
Jan2014	\$1.94	Jan2014	\$3.64
Jan2013	\$6.19	Jan2013	\$4.51
Jan2012	\$0.68	Jan2012	\$3.82
Jan2011	\$6.56	Jan2011	\$5.20
Jan2010	\$4.96	Jan2010	\$4.87
Jan2009	\$4.36	Jan2009	\$5.04
Jan2008	\$4.00	Jan2008	\$5.37
Jan2007	\$4.28	Jan2007	\$5.72
Jan2006	\$10.32	Jan2006	\$5.69
Jan2005	\$4.36	Jan2005	\$2.96
Jan2004	\$3.72	Jan2004	\$1.92
Jan2003	\$2.56	Jan2003	\$0.85
Dec2002	\$0.00	Dec2002	\$0.00
Dec2001	\$0.00	Dec2001	\$0.00
Dec2000	\$0.00	Balance Sheet Information	12/1/2016
Dec1999	\$0.00	Total Current Assets	\$2,381,000,000
Dec1998	\$0.00	Total Current Liabilities	\$2,016,000,000
Dec1997	\$0.00	Long-Term Debt	\$3,225,000,000
		Total Assets	\$9,132,000,000
		Intangible Assets	\$6,211,000,000
		Total Liabilities	\$5,997,000,000
		Shares Outstanding (Diluted Average)	104,000,000





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:

Other
ModernGraham
posts about the
company

#N/A

Other
ModernGraham
posts about related
companies

- [Constellation Software Inc Valuation – Initial Coverage \\$TSE:CSU](#)
- [Adobe Systems Inc Valuation – February 2017 \\$ADBE](#)
- [Synopsys Inc Valuation – Initial Coverage \\$SNPS](#)
- [Microsoft Corporation Valuation – February 2017 \\$MSFT](#)
- [Cisco Systems Inc Valuation – January 2017 \\$CSCO](#)
- [Autodesk Inc Valuation – December 2016 \\$ADSK](#)
- [Symantec Corporation Valuation – August 2016 \\$SYMC](#)
- [Adobe Systems Inc Valuation – August 2016 \\$ADBE](#)
- [Microsoft Corporation Valuation – August 2016 \\$MSFT](#)
- [Cisco Systems Inc Valuation – August 2016 \\$CSCO](#)