

# ModernGraham Valuation

## Company Name:

Company Ticker TDG

Date of Analysis

3/4/2017

TransDigm Group  
Incorporated



## 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	\$13,163,055,203	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.20	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
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	266.14%	Pass
5. Earnings Growth	PEmg < 20	27.85	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	-7.50	Fail
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	3.20	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	6.87	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago		Pass
	Score		

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$8.94
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$344.04</b>
MG Value based on 3% Growth	\$129.57
MG Value based on 0% Growth	\$75.96
Market Implied Growth Rate	9.67%

### MG Opinion

Current Price	\$248.85
% of Intrinsic Value	72.33%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>D+</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$171.19
Graham Number	\$0.00
PEmg	27.85
Current Ratio	3.20
PB Ratio	-7.50
Current Dividend	\$0.00
Dividend Yield	0.00%
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	\$12.05	Next Fiscal Year Estimate	\$8.94
Sep2016	\$10.39	Sep2016	\$6.90
Sep2015	\$7.84	Sep2015	\$4.94
Sep2014	\$3.16	Sep2014	\$3.48
Sep2013	\$2.39	Sep2013	\$3.57
Sep2012	\$5.97	Sep2012	\$3.93
Sep2011	\$3.17	Sep2011	\$2.82
Sep2010	\$2.52	Sep2010	\$2.48
Sep2009	\$3.10	Sep2009	\$2.23
Sep2008	\$2.65	Sep2008	\$1.60
Sep2007	\$1.83	Sep2007	\$0.25
Sep2006	\$0.53	Sep2006	\$13.86
Sep2005	\$0.75	Sep2005	\$27.86
Sep2004	\$0.29	Sep2004	\$41.75
Sep2003	-\$10.28	Sep2003	\$55.76
Sep2002	\$221.95	Sep2002	\$73.98
Dec2001	\$0.00	Dec2001	\$0.00
Dec2000	\$0.00	<b>Balance Sheet Information 12/1/2016</b>	
Dec1999	\$0.00	Total Current Assets	\$2,235,418,000
Dec1998	\$0.00	Total Current Liabilities	\$698,918,000
Dec1997	\$0.00	Long-Term Debt	\$10,555,947,000
		Total Assets	\$10,037,122,000
		Intangible Assets	\$7,422,579,000
		Total Liabilities	\$11,911,747,000
		Shares Outstanding (Diluted Average)	56,524,000





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

[Textron Inc Valuation – June 2016 \\$TXT](#)  
[Boeing Company Valuation – June 2016 \\$BA](#)  
[Textron Inc Valuation – December 2015 Update \\$TXT](#)  
[Boeing Company Valuation – November 2015 Update \\$BA](#)  
[Textron Inc. Analysis – August 2015 Update \\$TXT](#)  
[Boeing Company Analysis – August 2015 Update \\$BA](#)  
[Textron Inc. Quarterly Valuation – May 2015 \\$TXT](#)  
[Boeing Company Quarterly Valuation – May 2015 \\$BA](#)  
[Boeing Company Quarterly Valuation – February 2015 \\$BA](#)  
[Textron Inc. Quarterly Valuation – February 2015 \\$TXT](#)