

# ModernGraham Valuation

Company Name:

Raytheon Company

Company Ticker RTN

Date of Analysis

4/11/2017



## 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	\$44,941,572,088	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.66	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	57.12%	Pass
5. Earnings Growth	PEmg < 20	21.19	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	4.46	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	1.66	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.25	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 Score		Pass

### Suitability

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

## Stage 2: Determination of Intrinsic Value

EPSmg	\$7.14
MG Growth Estimate	4.14%
<b>MG Value</b>	<b>\$119.70</b>
MG Value based on 3% Growth	\$103.46
MG Value based on 0% Growth	\$60.65
Market Implied Growth Rate	6.35%

### MG Opinion

Current Price	\$151.23
% of Intrinsic Value	126.34%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>C</b>

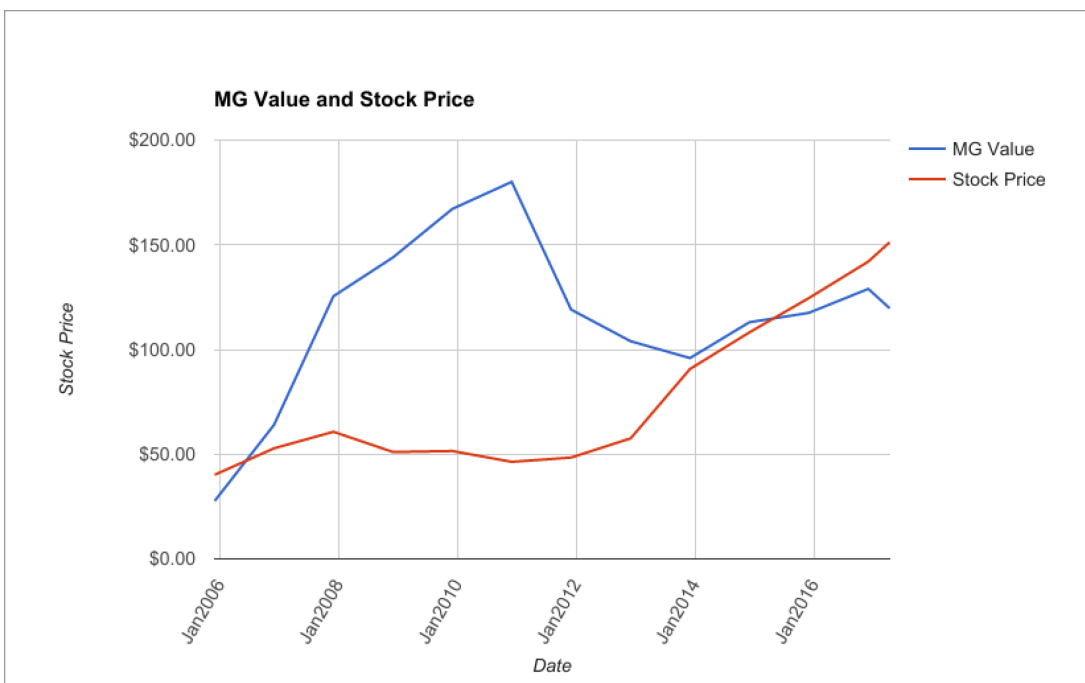
## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$31.36
Graham Number	\$74.84
PEmg	21.19
Current Ratio	1.66
PB Ratio	4.46
Current Dividend	\$2.93
Dividend Yield	1.94%
Number of Consecutive Years of Dividend Growth	13

### 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		Next Fiscal Year Estimate	
	\$7.27		\$7.14
Dec2016	\$7.44	Dec2016	\$6.93
Dec2015	\$6.80	Dec2015	\$6.52
Dec2014	\$7.18	Dec2014	\$6.20
Dec2013	\$6.16	Dec2013	\$5.59
Dec2012	\$5.65	Dec2012	\$5.18
Dec2011	\$5.28	Dec2011	\$4.95
Dec2010	\$4.88	Dec2010	\$4.68
Dec2009	\$4.89	Dec2009	\$4.34
Dec2008	\$3.92	Dec2008	\$3.74
Dec2007	\$5.79	Dec2007	\$3.26
Dec2006	\$2.85	Dec2006	\$1.66
Dec2005	\$1.92	Dec2005	\$0.72
Dec2004	\$0.94	Dec2004	-\$0.02
Dec2003	\$0.88	Dec2003	-\$0.41
Dec2002	-\$1.57	Dec2002	-\$0.68
Dec2001	-\$2.09	Dec2001	\$0.12
Dec2000	\$0.41	<b>Balance Sheet Information 12/1/2016</b>	
Dec1999	\$1.17	Total Current Assets	\$10,678,000,000
Dec1998	\$2.46	Total Current Liabilities	\$6,427,000,000
Dec1997	\$2.18	Long-Term Debt	\$5,335,000,000
		Total Assets	\$30,052,000,000
		Intangible Assets	\$15,677,000,000
		Total Liabilities	\$19,986,000,000
		Shares Outstanding (Diluted Average)	296,800,000





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

[Raytheon Co Valuation – February 2016 \\$RTN](#)  
[10 Best Stocks For Value Investors This Week – 10/31/15](#)  
[Raytheon Company Valuation – October 2015 Update \\$RTN](#)  
[The 16 Best Stocks For Value Investors This Week – 8/1/15](#)  
[Raytheon Company Analysis – July 2015 Update \\$RTN](#)

Other  
ModernGraham  
posts about related  
companies

[General Dynamics Corp Valuation – March 2017 \\$GD](#)  
[TASER International Inc Valuation – Initial Coverage \\$TASR](#)  
[Cubic Corporation Valuation – Initial Coverage \\$CUB](#)  
[Northrop Grumman Corp Valuation – February 2017 \\$NOC](#)  
[Rockwell Collins Inc Valuation – January 2017 \\$COL](#)  
[Raytheon Company Valuation – August 2016 \\$RTN](#)  
[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](#)