

ModernGraham Valuation

Company Name:

Harris Corporation

Company Ticker HRS

Date of Analysis

2/27/2018



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	\$18,880,411,077	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.22	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	38.32%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	36.75	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	6.42	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	1.22	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	8.67	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

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$4.33
MG Growth Estimate	7.61%
MG Value	\$102.66
MG Value based on 3% Growth	\$62.74
MG Value based on 0% Growth	\$36.78
Market Implied Growth Rate	14.13%

MG Opinion

Current Price	\$159.02
% of Intrinsic Value	154.90%
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$39.12
Graham Number	\$55.73
PEmg	36.75
Current Ratio	1.22
PB Ratio	6.42
Current Dividend	\$2.12
Dividend Yield	1.33%
Number of Consecutive Years of Dividend Growth	15

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	\$5.64	Next Fiscal Year Estimate	\$4.33
Jun2017	\$4.44	Jun2017	\$3.52
Jun2016	\$2.59	Jun2016	\$2.83
Jun2015	\$3.11	Jun2015	\$2.90
Jun2014	\$4.95	Jun2014	\$2.87
Jun2013	\$1.01	Jun2013	\$1.92
Jun2012	\$0.26	Jun2012	\$2.42
Jun2011	\$4.60	Jun2011	\$3.39
Jun2010	\$4.28	Jun2010	\$2.72
Jun2009	\$0.28	Jun2009	\$1.97
Jun2008	\$3.26	Jun2008	\$2.60
Jun2007	\$3.43	Jun2007	\$2.05
Jun2006	\$1.71	Jun2006	\$1.25
Jun2005	\$1.46	Jun2005	\$0.93
Jun2004	\$0.97	Jun2004	\$0.60
Jun2003	\$0.45	Jun2003	\$0.39
Jun2002	\$0.62	Jun2002	\$0.37
Jun2001	\$0.16	Balance Sheet Information 12/1/2017	
Jun2000	\$0.13	Total Current Assets	\$2,132,000,000
Jun1999	\$0.34	Total Current Liabilities	\$1,741,000,000
Jun1998	\$0.83	Long-Term Debt	\$3,391,000,000
		Total Assets	\$9,856,000,000
		Intangible Assets	\$6,422,000,000
		Total Liabilities	\$6,862,000,000
		Shares Outstanding (Diluted Average)	120,900,000





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

- [Harris Corporation Valuation – February 2016 \\$HRS](#)
- [10 Best Stocks For Value Investors This Week – 9/26/15](#)
- [Harris Corporation Analysis – September 2015 Update \\$HRS](#)
- [Harris Corporation Analysis – June 2015 Update \\$HRS](#)
- [18 Companies in the Spotlight This Week – 3/21/15](#)

Other ModernGraham posts about related companies

- [Mitel Networks Corp Valuation – Initial Coverage \\$TSE:MNW](#)
- [ATN International Inc Valuation – Initial Coverage \\$ATNI](#)
- [CenturyLink Inc Valuation – July 2017 \\$CTL](#)
- [Telephone & Data Systems Inc Valuation – Initial Coverage \\$TDS](#)
- [Lumos Networks Corp Valuation – Initial Coverage \\$LMOS](#)
- [Lumentum Holdings Inc Valuation – Initial Coverage \\$LITE](#)
- [Windstream Holdings Inc Valuation – March 2017 \\$WIN](#)
- [Sierra Wireless Inc Valuation – Initial Coverage \\$TSE:SW](#)
- [Frontier Communications Corp Valuation – February 2017 \\$FTR](#)
- [Spok Holdings Inc Valuation – Initial Coverage \\$SPOK](#)