

ModernGraham Valuation

Company Name:

L3 Technologies

Company Ticker LLL

Date of Analysis

3/26/2018



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	\$16,312,039,364	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.87	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	5.70%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	29.30	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.27	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	1.87	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.61	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	\$7.12
MG Growth Estimate	-1.79%
MG Value	\$35.02
MG Value based on 3% Growth	\$103.18
MG Value based on 0% Growth	\$60.49
Market Implied Growth Rate	10.40%

MG Opinion

Current Price	\$208.53
% of Intrinsic Value	595.52%
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$40.18
Graham Number	\$113.74
PEmg	29.30
Current Ratio	1.87
PB Ratio	3.27
Current Dividend	\$3.00
Dividend Yield	1.44%
Number of Consecutive Years of Dividend Growth	14

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$8.81	Next Fiscal Year Estimate	\$7.12
Dec2017	\$8.51	Dec2017	\$6.20
Dec2016	\$9.01	Dec2016	\$5.36
Dec2015	-\$2.97	Dec2015	\$4.35
Dec2014	\$7.56	Dec2014	\$8.08
Dec2013	\$8.24	Dec2013	\$8.31
Dec2012	\$8.03	Dec2012	\$8.26
Dec2011	\$9.05	Dec2011	\$8.15
Dec2010	\$8.25	Dec2010	\$7.38
Dec2009	\$7.61	Dec2009	\$6.60
Dec2008	\$7.59	Dec2008	\$5.75
Dec2007	\$5.98	Dec2007	\$4.58
Dec2006	\$4.22	Dec2006	\$3.67
Dec2005	\$4.20	Dec2005	\$3.17
Dec2004	\$3.33	Dec2004	\$2.47
Dec2003	\$2.62	Dec2003	\$1.90
Dec2002	\$1.93	Dec2002	\$1.43
Dec2001	\$1.47	Balance Sheet Information	12/1/2017
Dec2000	\$1.19	Total Current Assets	\$4,448,000,000
Dec1999	\$0.88	Total Current Liabilities	\$2,379,000,000
Dec1998	\$0.63	Long-Term Debt	\$3,330,000,000
		Total Assets	\$12,729,000,000
		Intangible Assets	\$6,907,000,000
		Total Liabilities	\$7,646,000,000
		Shares Outstanding (Diluted Average)	79,600,000





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

- [47 Companies in the Spotlight This Week – 5/16/15](#)
- [L3 Communications Holdings Inc. Quarterly Valuation – May 2015 \\$LLL](#)
- [34 Companies in the Spotlight This Week – 2/7/15](#)
- [L-3 Communications Holdings Inc. Quarterly Valuation – February 2015 \\$LLL](#)
- [28 Companies in the Spotlight This Week – 11/1/14](#)

Other ModernGraham posts about related companies

- [Textron Inc Valuation – March 2018 \\$TXT](#)
- [Lockheed Martin Corp Valuation – February 2018 \\$LMT](#)
- [United Technologies Corp Valuation – February 2018 \\$UTX](#)
- [Triumph Group Inc Valuation – Initial Coverage \\$TGI](#)
- [Raytheon Company Valuation – April 2017 \\$RTN](#)
- [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](#)