

ModernGraham Valuation

Company Name:

Textron Inc.

Company Ticker TXT

Date of Analysis

3/17/2018



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	\$15,400,049,240	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.97	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	704.21%	Pass
5. Earnings Growth	PEmg < 20	23.77	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.77	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	1.97	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.10	Pass
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	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.48
MG Growth Estimate	6.83%
MG Value	\$54.87
MG Value based on 3% Growth	\$35.89
MG Value based on 0% Growth	\$21.04
Market Implied Growth Rate	7.63%

MG Opinion

Current Price	\$58.83
% of Intrinsic Value	107.22%
Opinion	Fairly Valued
MG Grade	C+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$9.34
Graham Number	\$37.99
PEmg	23.77
Current Ratio	1.97
PB Ratio	2.77
Current Dividend	\$0.08
Dividend Yield	0.14%
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		Next Fiscal Year Estimate	\$2.48
Dec2017	\$1.14	Dec2017	\$2.22
Dec2016	\$3.53	Dec2016	\$2.64
Dec2015	\$2.50	Dec2015	\$2.07
Dec2014	\$2.13	Dec2014	\$1.70
Dec2013	\$1.75	Dec2013	\$1.30
Dec2012	\$2.00	Dec2012	\$1.05
Dec2011	\$0.79	Dec2011	\$0.81
Dec2010	\$0.28	Dec2010	\$1.08
Dec2009	-\$0.12	Dec2009	\$1.56
Dec2008	\$1.94	Dec2008	\$2.26
Dec2007	\$3.60	Dec2007	\$2.20
Dec2006	\$2.31	Dec2006	\$1.33
Dec2005	\$0.75	Dec2005	\$0.76
Dec2004	\$1.31	Dec2004	\$0.72
Dec2003	\$0.95	Dec2003	\$0.54
Dec2002	-\$0.45	Dec2002	\$0.50
Dec2001	\$0.58	Balance Sheet Information 12/1/2017	
Dec2000	\$0.75	Total Current Assets	\$7,210,000,000
Dec1999	\$1.91	Total Current Liabilities	\$3,660,000,000
Dec1998	\$1.37	Long-Term Debt	\$3,898,000,000
		Total Assets	\$15,340,000,000
		Intangible Assets	\$3,129,000,000
		Total Liabilities	\$9,693,000,000
		Shares Outstanding (Diluted Average)	265,798,000





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.

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