

ModernGraham Valuation

Northrop Grumman
Corporation



Company Name:

Company Ticker NOC

Date of Analysis

5/21/2018

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	\$56,993,625,552	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.52	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	99.28%	Pass
6. Moderate PEmg Ratio	PEmg < 20	26.23	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	7.57	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	2.52	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.48	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	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$12.63
MG Growth Estimate	7.30%
MG Value	\$291.86
MG Value based on 3% Growth	\$183.16
MG Value based on 0% Growth	\$107.37
Market Implied Growth Rate	8.87%

MG Opinion

Current Price	\$331.36
% of Intrinsic Value	113.54%
Opinion	Overvalued
MG Grade	C

Stage 3: Information for Further Research

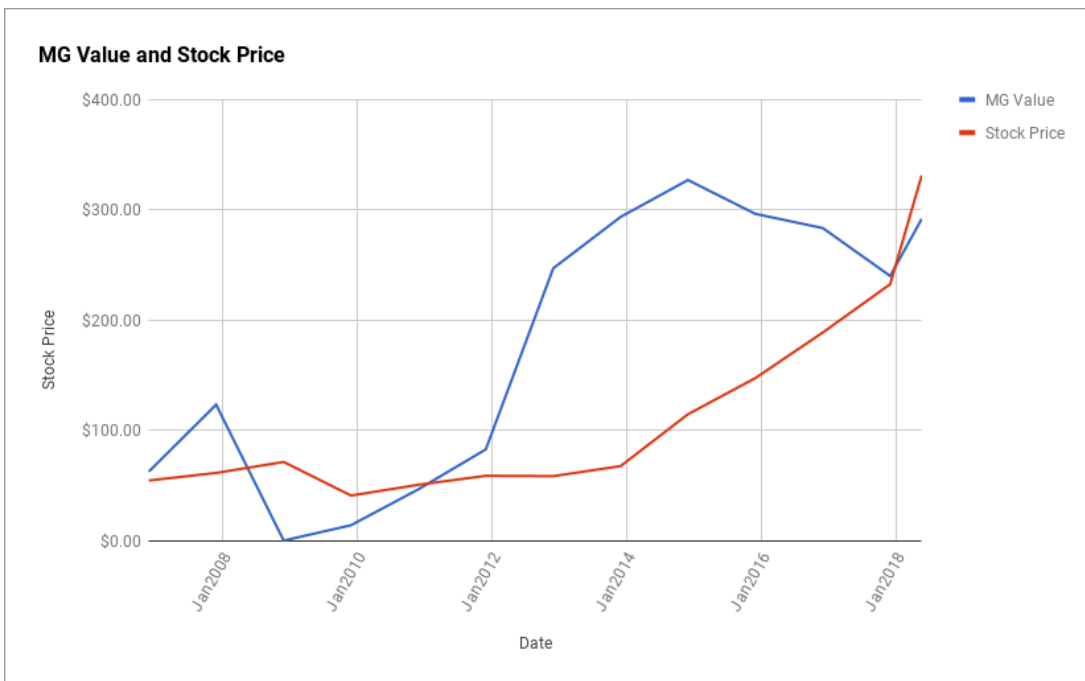
Net Current Asset Value (NCAV)	-\$62.47
Graham Number	\$118.05
PEmg	26.23
Current Ratio	2.52
PB Ratio	7.57
Current Dividend	\$3.90
Dividend Yield	1.18%
Number of Consecutive Years of Dividend Growth	14

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[Morningstar](#)
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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$15.30	Next Fiscal Year Estimate	\$12.63
Dec2017	\$11.47	Dec2017	\$11.01
Dec2016	\$12.19	Dec2016	\$10.42
Dec2015	\$10.39	Dec2015	\$9.28
Dec2014	\$9.75	Dec2014	\$8.50
Dec2013	\$8.35	Dec2013	\$7.63
Dec2012	\$7.81	Dec2012	\$6.42
Dec2011	\$7.52	Dec2011	\$5.21
Dec2010	\$6.82	Dec2010	\$3.88
Dec2009	\$5.21	Dec2009	\$2.59
Dec2008	-\$3.77	Dec2008	\$1.69
Dec2007	\$5.12	Dec2007	\$4.18
Dec2006	\$4.37	Dec2006	\$3.48
Dec2005	\$3.85	Dec2005	\$2.90
Dec2004	\$2.97	Dec2004	\$2.52
Dec2003	\$2.09	Dec2003	\$2.46
Dec2002	\$1.84	Dec2002	\$2.64
Dec2001	\$2.37	Balance Sheet Information 3/1/2018	
Dec2000	\$4.29	Total Current Assets	\$16,157,000,000
Dec1999	\$3.35	Total Current Liabilities	\$6,415,000,000
Dec1998	\$1.40	Long-Term Debt	\$14,392,000,000
		Total Assets	\$34,795,000,000
		Intangible Assets	\$12,455,000,000
		Total Liabilities	\$27,115,000,000
		Shares Outstanding (Diluted Average)	175,400,000





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**
- [Northrop Grumman Corp Valuation – February 2017 \\$NOC](#)
 - [Northrop Grumman Corporation Valuation – November 2015 Update \\$NOC](#)
 - [30 Companies in the Spotlight This Week – 11/15/14](#)
 - [Northrop Grumman Corporation Annual Valuation – 2014 \\$NOC](#)
 - [17 Companies in the Spotlight This Week – 8/2/14](#)

- Other ModernGraham posts about related companies**
- [Rockwell Collins Inc Valuation – May 2018 \\$COL](#)
 - [L3 Technologies Inc Valuation – March 2018 \\$LLL](#)
 - [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](#)