

# ModernGraham Valuation

Arrow Electronics,  
Inc.



**Company Name:**

Company Ticker ARW

Date of Analysis

6/30/2018

## 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	\$6,617,922,432	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.69	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	80.31%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	12.33	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.30	Pass

*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	1.69	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.73	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Fail
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	\$6.11
MG Growth Estimate	5.11%
<b>MG Value</b>	<b>\$114.26</b>
MG Value based on 3% Growth	\$88.54
MG Value based on 0% Growth	\$51.90
Market Implied Growth Rate	1.91%

*MG Opinion*

Current Price	\$75.28
% of Intrinsic Value	65.89%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>B+</b>

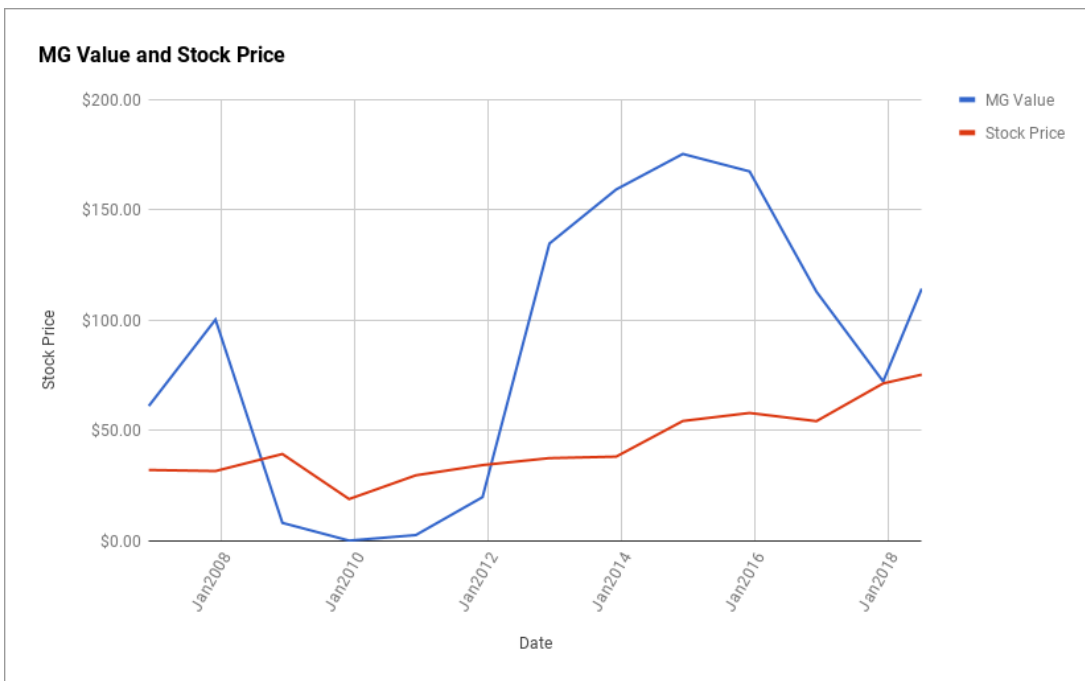
## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$8.89
Graham Number	\$102.38
PEmg	12.33
Current Ratio	1.69
PB Ratio	1.30
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

**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	\$8.25	Next Fiscal Year Estimate	\$6.11
Dec2017	\$4.48	Dec2017	\$4.97
Dec2016	\$5.68	Dec2016	\$5.09
Dec2015	\$5.20	Dec2015	\$4.78
Dec2014	\$4.98	Dec2014	\$4.56
Dec2013	\$3.85	Dec2013	\$4.14
Dec2012	\$4.56	Dec2012	\$3.50
Dec2011	\$5.17	Dec2011	\$2.54
Dec2010	\$4.01	Dec2010	\$1.24
Dec2009	\$1.03	Dec2009	\$0.21
Dec2008	-\$5.08	Dec2008	\$0.21
Dec2007	\$3.28	Dec2007	\$2.60
Dec2006	\$3.16	Dec2006	\$1.59
Dec2005	\$2.09	Dec2005	\$0.35
Dec2004	\$1.75	Dec2004	-\$0.44
Dec2003	\$0.25	Dec2003	-\$1.15
Dec2002	-\$6.12	Dec2002	-\$1.27
Dec2001	-\$0.77	<b>Balance Sheet Information 3/1/2018</b>	
Dec2000	\$3.56	Total Current Assets	\$11,767,213,000
Dec1999	\$1.20	Total Current Liabilities	\$6,955,094,000
Dec1998	\$1.50	Long-Term Debt	\$3,533,050,000
		Total Assets	\$16,124,805,000
		Intangible Assets	\$3,051,920,000
		Total Liabilities	\$10,975,991,000
		Shares Outstanding (Diluted Average)	89,035,000





**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**
- [9 Best Stocks For Value Investors This Week – 7/8/16](#)
  - [Arrow Electronics Inc Valuation – July 2016 \\$ARW](#)
  - [13 Best Stocks For Value Investors This Week – 12/12/15](#)
  - [Arrow Electronics Inc Valuation – December 2015 Update \\$ARW](#)
  - [10 Low PE Stocks for the Enterprising Investor – November 2015](#)

- Other ModernGraham posts about related companies**
- [Skyworks Solutions Inc Valuation – June 2018 \\$SWKS](#)
  - [Garmin Ltd Valuation – June 2018 \\$GRMN](#)
  - [Hewlett Packard Enterprise Co Valuation – June 2018 \\$HPE](#)
  - [Fortive Corp Valuation – June 2018 \\$FTV](#)
  - [Analog Devices Inc Valuation – June 2018 \\$ADI](#)
  - [IPG Photonics Corp Valuation – June 2018 \\$IPGP](#)
  - [Micron Technology Inc Valuation – May 2018 \\$MU](#)
  - [Amphenol Corp Valuation – May 2018 \\$APH](#)
  - [Xilinx Inc Valuation – May 2018 \\$XLNX](#)
  - [Western Digital Corp Valuation – May 2018 \\$WDC](#)