

ModernGraham Valuation

General Dynamics
Corporation



Company Name:

Company Ticker GD

Date of Analysis

6/24/2018

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	\$56,252,193,939	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.34	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	43.78%	Pass
6. Moderate PEmg Ratio	PEmg < 20	19.93	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.84	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	1.34	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.76	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	\$9.50
MG Growth Estimate	11.23%
MG Value	\$294.34
MG Value based on 3% Growth	\$137.81
MG Value based on 0% Growth	\$80.78
Market Implied Growth Rate	5.71%

MG Opinion

Current Price	\$189.38
% of Intrinsic Value	64.34%
Opinion	Undervalued
MG Grade	B-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$16.54
Graham Number	\$96.25
PEmg	19.93
Current Ratio	1.34
PB Ratio	4.84
Current Dividend	\$3.28
Dividend Yield	1.73%
Number of Consecutive Years of Dividend Growth	4

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	\$10.69	Next Fiscal Year Estimate	\$9.50
Dec2017	\$9.56	Dec2017	\$8.69
Dec2016	\$8.29	Dec2016	\$7.55
Dec2015	\$9.29	Dec2015	\$6.74
Dec2014	\$7.42	Dec2014	\$5.43
Dec2013	\$6.67	Dec2013	\$4.67
Dec2012	-\$0.94	Dec2012	\$4.11
Dec2011	\$6.87	Dec2011	\$6.50
Dec2010	\$6.81	Dec2010	\$6.13
Dec2009	\$6.17	Dec2009	\$5.57
Dec2008	\$6.17	Dec2008	\$5.01
Dec2007	\$5.08	Dec2007	\$4.21
Dec2006	\$4.56	Dec2006	\$3.58
Dec2005	\$3.61	Dec2005	\$2.98
Dec2004	\$3.05	Dec2004	\$2.60
Dec2003	\$2.52	Dec2003	\$2.35
Dec2002	\$2.26	Dec2002	\$2.21
Dec2001	\$2.33	Balance Sheet Information 3/1/2018	
Dec2000	\$2.24	Total Current Assets	\$20,464,000,000
Dec1999	\$2.18	Total Current Liabilities	\$15,242,000,000
Dec1998	\$1.46	Long-Term Debt	\$3,981,000,000
		Total Assets	\$37,219,000,000
		Intangible Assets	\$12,657,000,000
		Total Liabilities	\$25,445,000,000
		Shares Outstanding (Diluted Average)	301,104,000





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

- [General Dynamics Corp Valuation – March 2017 \\$GD](#)
- [General Dynamics Corporation Valuation – January 2016 Update \\$GD](#)
- [5 Speculative and Overvalued Companies to Avoid – December 2014](#)
- [32 Companies in the Spotlight This Week – 12/6/14](#)
- [General Dynamics Corporation Annual Valuation – 2014 \\$GD](#)

Other ModernGraham posts about related companies

- [TransDigm Group Inc Valuation – June 2018 \\$TDG](#)
- [Northrop Grumman Corp Valuation – May 2018 \\$NOC](#)
- [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](#)