

ModernGraham Valuation

Company Name:

Raytheon Company

Company Ticker RTN

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	\$55,548,401,568	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.62	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
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	61.46%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	24.08	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	5.46	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	1.62	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.14	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	\$8.03
MG Growth Estimate	4.44%
MG Value	\$139.59
MG Value based on 3% Growth	\$116.44
MG Value based on 0% Growth	\$68.26
Market Implied Growth Rate	7.79%

MG Opinion

Current Price	\$193.38
% of Intrinsic Value	138.53%
Opinion	Overvalued
MG Grade	C

Stage 3: Information for Further Research

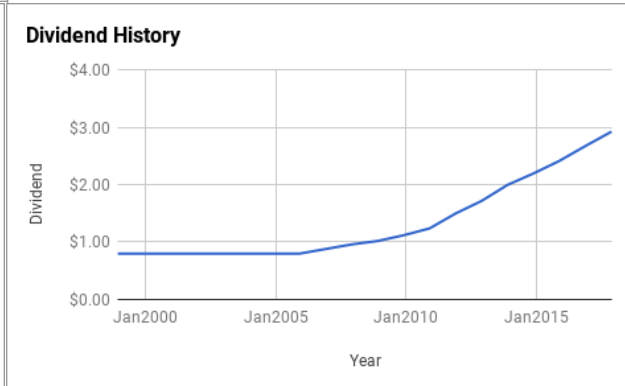
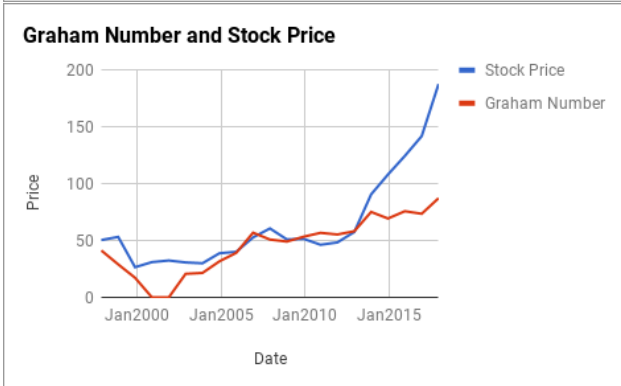
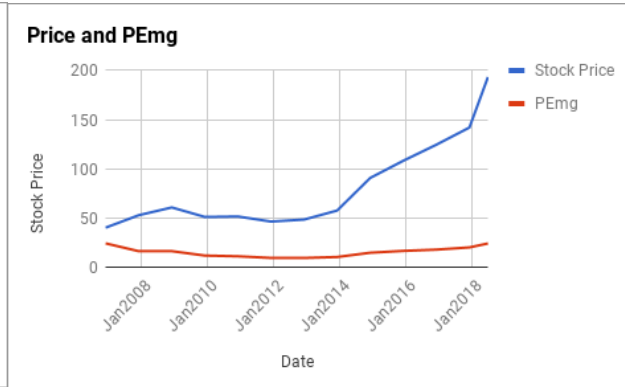
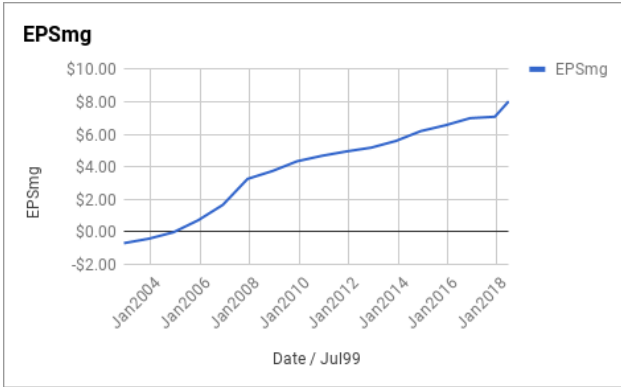
Net Current Asset Value (NCAV)	-\$32.20
Graham Number	\$87.34
PEmg	24.08
Current Ratio	1.62
PB Ratio	5.46
Current Dividend	\$3.19
Dividend Yield	1.65%
Number of Consecutive Years of Dividend Growth	13

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	\$9.80	Next Fiscal Year Estimate	\$8.03
Dec2017	\$6.95	Dec2017	\$7.08
Dec2016	\$7.55	Dec2016	\$6.99
Dec2015	\$6.91	Dec2015	\$6.56
Dec2014	\$7.18	Dec2014	\$6.20
Dec2013	\$6.16	Dec2013	\$5.59
Dec2012	\$5.65	Dec2012	\$5.18
Dec2011	\$5.28	Dec2011	\$4.95
Dec2010	\$4.88	Dec2010	\$4.68
Dec2009	\$4.89	Dec2009	\$4.34
Dec2008	\$3.92	Dec2008	\$3.74
Dec2007	\$5.79	Dec2007	\$3.26
Dec2006	\$2.85	Dec2006	\$1.66
Dec2005	\$1.92	Dec2005	\$0.71
Dec2004	\$0.94	Dec2004	-\$0.03
Dec2003	\$0.88	Dec2003	-\$0.42
Dec2002	-\$1.59	Dec2002	-\$0.69
Dec2001	-\$2.12	Balance Sheet Information 3/1/2018	
Dec2000	\$0.41	Total Current Assets	\$10,960,000,000
Dec1999	\$1.17	Total Current Liabilities	\$6,779,000,000
Dec1998	\$2.46	Long-Term Debt	\$4,751,000,000
		Total Assets	\$30,497,000,000
		Intangible Assets	\$14,871,000,000
		Total Liabilities	\$20,260,000,000
		Shares Outstanding (Diluted Average)	288,800,000





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

- [Raytheon Company Valuation – April 2017 \\$RTN](#)
- [Raytheon Company Valuation – August 2016 \\$RTN](#)
- [Raytheon Co Valuation – February 2016 \\$RTN](#)
- [10 Best Stocks For Value Investors This Week – 10/31/15](#)
- [Raytheon Company Valuation – October 2015 Update \\$RTN](#)

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](#)