ModernGraham Valuation

Company Name:

TransDigm Group Incorporated



Company Ticker TDG
Date of Analysis 6/5/2018

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.

Adequate Size of the Enterprise	Market Cap > \$2Bil	\$17,632,347,924 Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.04 Pass
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	
5. Earnings Growth	beginning and end	288.96% Pass
Moderate PEmg Ratio	PEmg < 20	31.31 Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	-8.10 Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

Sufficiently Strong Financial Condition	Current Ratio > 1.5	3.04 Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	6.86 Fail
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	Pass
	Score	

Score

Suitability

Defensive No Enterprising No

Stage 2: Determination of Intrinsic Value

EPSmg	\$10.74
MG Growth Estimate	15.00%
MG Value	\$413.57
MG Value based on 3% Growth	\$155.76
MG Value based on 0% Growth	\$91.31
Market Implied Growth Rate	11.40%

MG Opinion

Current Price \$336.30 % of Intrinsic Value 81.32%

Opinion Fairly Valued MG Grade D+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$184.05
Graham Number	\$0.00
PEmg	31.31
Current Ratio	3.04
PB Ratio	-8.10
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend	
Growth	0

Morningstar

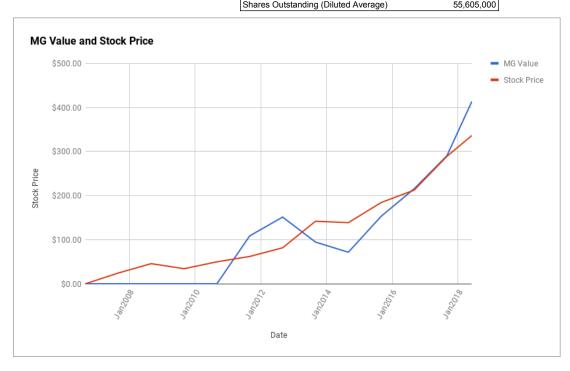
Useful Links: <u>ModernGraham tagged articles</u>

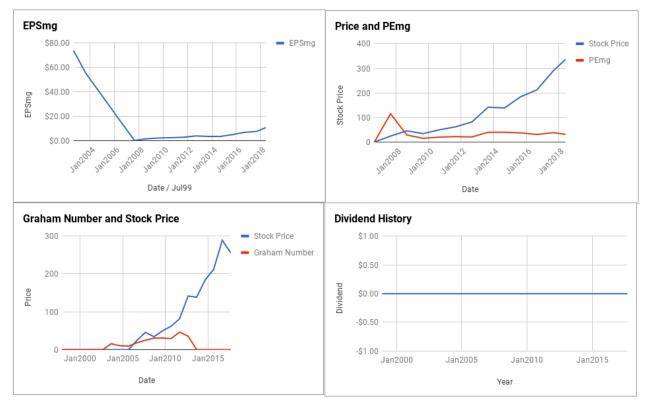
 Google Finance
 MSN Money

 Yahoo Finance
 Seeking Alpha

 GuruFocus
 SEC Filings

EPS History		EPSmg History	
Next Fiscal Year	0.45.00		0.10 = 1
Estimate	• • •	Next Fiscal Year Estimate	\$10.74
Sep2017	\$7.88	Sep2017	\$7.55
Sep2016	\$10.39	Sep2016	\$6.90
Sep2015	\$7.84	Sep2015	\$4.94
Sep2014	\$3.16	Sep2014	\$3.48
Sep2013	\$2.39	Sep2013	\$3.57
Sep2012	\$5.97	Sep2012	\$3.93
Sep2011	\$3.17	Sep2011	\$2.82
Sep2010	\$2.52	Sep2010	\$2.48
Sep2009	\$3.10	Sep2009	\$2.23
Sep2008	\$2.65	Sep2008	\$1.60
Sep2007	\$1.83	Sep2007	\$0.21
Sep2006	\$0.53	Sep2006	\$13.78
Sep2005	\$0.75	Sep2005	\$27.74
Sep2004	\$0.29	Sep2004	\$41.57
Sep2003	-\$10.92	Sep2003	\$55.55
Sep2002	\$221.95	Sep2002	\$73.98
Dec2001	\$0.00	Balance Sheet Information	3/1/2018
Dec2000	\$0.00	Total Current Assets	\$2,470,104,000
Dec1999	\$0.00	Total Current Liabilities	\$812,835,000
Dec1998	\$0.00	Long-Term Debt	\$11,365,790,000
		Total Assets	\$10,394,677,000
		Intangible Assets	\$7,458,844,000
		Total Liabilities	\$12,704,014,000
		Shares Outstanding (Diluted Average)	55,605,000





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 <u>TransDigm Group Inc Valuation – Initial Coverage \$TDG</u>

Northrop Grumman Corp Valuation - May 2018 \$NOC

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 \$TASER