

ModernGraham Valuation

TransDigm Group
Incorporated



Company Name:

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.

1. 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 beginning and end	288.96%	Pass
5. Earnings Growth	PEmg < 20	31.31	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	-8.10	Fail
7. Moderate Price to Assets			

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	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 Score		Pass

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

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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Sep2017	\$15.92	Sep2017	\$10.74
Sep2016	\$7.88	Sep2016	\$7.55
Sep2015	\$10.39	Sep2015	\$6.90
Sep2014	\$7.84	Sep2014	\$4.94
Sep2013	\$3.16	Sep2013	\$3.48
Sep2012	\$2.39	Sep2012	\$3.57
Sep2011	\$5.97	Sep2012	\$3.93
Sep2010	\$3.17	Sep2011	\$2.82
Sep2009	\$2.52	Sep2010	\$2.48
Sep2008	\$3.10	Sep2009	\$2.23
Sep2007	\$2.65	Sep2008	\$1.60
Sep2006	\$1.83	Sep2007	\$0.21
Sep2005	\$0.53	Sep2006	\$13.78
Sep2004	\$0.75	Sep2005	\$27.74
Sep2003	\$0.29	Sep2004	\$41.57
Sep2002	-\$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.

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