

ModernGraham Valuation



ARRIS International
plc

Company Name:

Company Ticker ARRS

Date of Analysis

7/29/2018

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	\$4,691,966,732	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.65	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	233.02%	Pass
5. Earnings Growth	PEmg < 20	18.49	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.47	Pass
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	1.65	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.88	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	\$1.36
MG Growth Estimate	12.48%
MG Value	\$45.58
MG Value based on 3% Growth	\$19.75
MG Value based on 0% Growth	\$11.58
Market Implied Growth Rate	5.00%

MG Opinion

Current Price	\$25.19
% of Intrinsic Value	55.26%
Opinion	Undervalued
MG Grade	C+

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$7.45
Graham Number	\$33.70
PEmg	18.49
Current Ratio	1.65
PB Ratio	1.47
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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	\$2.95	Next Fiscal Year Estimate	\$1.36
Dec2017	\$0.49	Dec2017	\$0.58
Dec2016	\$0.09	Dec2016	\$0.62
Dec2015	\$0.62	Dec2015	\$0.77
Dec2014	\$2.21	Dec2014	\$0.74
Dec2013	-\$0.37	Dec2013	\$0.08
Dec2012	\$0.46	Dec2012	\$0.24
Dec2011	-\$0.15	Dec2011	\$0.14
Dec2010	\$0.50	Dec2010	\$0.35
Dec2009	\$0.71	Dec2009	\$0.34
Dec2008	-\$1.04	Dec2008	\$0.19
Dec2007	\$0.87	Dec2007	\$0.66
Dec2006	\$1.30	Dec2006	\$0.27
Dec2005	\$0.52	Dec2005	-\$0.56
Dec2004	-\$0.33	Dec2004	-\$1.12
Dec2003	-\$0.62	Dec2003	-\$1.30
Dec2002	-\$2.33	Dec2002	-\$1.32
Dec2001	-\$3.13	Balance Sheet Information 3/1/2018	
Dec2000	\$0.52	Total Current Assets	\$2,832,112,000
Dec1999	\$1.33	Total Current Liabilities	\$1,714,791,000
Dec1998	\$0.15	Long-Term Debt	\$2,095,320,000
		Total Assets	\$7,366,488,000
		Intangible Assets	\$3,920,119,000
		Total Liabilities	\$4,209,114,000
		Shares Outstanding (Diluted Average)	184,805,000





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 [ARRIS International PLC Valuation – January 2017 \\$ARRS](#)
[Arris Group Inc. Analysis – Initial Coverage \\$ARRS](#)

Other ModernGraham posts about related companies [CenturyLink Inc Valuation – June 2018 \\$CTL](#)
[American Tower Corp Valuation – June 2018 \\$AMT](#)
[Charter Communications Inc Valuation – May 2018 \\$CHTR](#)
[DISH Network Corp Valuation – Initial Coverage \\$DISH](#)
[AT&T Inc Valuation – April 2018 \\$T](#)
[Comcast Corporation Valuation – March 2018 \\$CMCSA](#)
[Spok Holdings Inc Valuation – March 2018 \\$SPOK](#)
[SBA Communications Corp Valuation – Initial Coverage \\$SBAC](#)
[Harris Corporation Valuation – February 2018 \\$HRS](#)
[Verizon Communications Inc Valuation – February 2018 \\$VZ](#)