

ModernGraham Valuation

Comtech Telecomm.
Corp.



Company Name:

Company Ticker CMTL

Date of Analysis

7/31/2018

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	\$823,471,047	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.72	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	-76.45%	Fail
5. Earnings Growth	PEmg < 20	44.37	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.62	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	1.72	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.48	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago Score		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$0.76
MG Growth Estimate	-4.25%
MG Value	\$0.00
MG Value based on 3% Growth	\$10.98
MG Value based on 0% Growth	\$6.44
Market Implied Growth Rate	17.93%

MG Opinion

Current Price	\$33.60
% of Intrinsic Value	N/A
Opinion	Overvalued
MG Grade	F

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$3.09
Graham Number	\$23.15
PEmg	44.37
Current Ratio	1.72
PB Ratio	1.62
Current Dividend	\$0.60
Dividend Yield	1.79%
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	\$1.17	Next Fiscal Year Estimate	\$0.76
Jul2017	\$0.67	Jul2017	\$0.63
Jul2016	-\$0.46	Jul2016	\$0.72
Jul2015	\$1.42	Jul2015	\$1.37
Jul2014	\$1.37	Jul2014	\$1.42
Jul2013	\$0.97	Jul2013	\$1.52
Jul2012	\$1.42	Jul2012	\$1.86
Jul2011	\$2.22	Jul2011	\$2.12
Jul2010	\$1.91	Jul2010	\$2.09
Jul2009	\$1.73	Jul2009	\$2.12
Jul2008	\$2.76	Jul2008	\$2.16
Jul2007	\$2.42	Jul2007	\$1.71
Jul2006	\$1.72	Jul2006	\$1.21
Jul2005	\$1.42	Jul2005	\$0.86
Jul2004	\$0.92	Jul2004	\$0.49
Jul2003	\$0.53	Jul2003	\$0.26
Jul2002	\$0.07	Jul2002	\$0.14
Jul2001	\$0.38	Balance Sheet Information 4/1/2018	
Jul2000	-\$0.31	Total Current Assets	\$261,906,000
Jul1999	\$0.51	Total Current Liabilities	\$152,505,000
Jul1998	\$0.12	Long-Term Debt	\$161,856,000
		Total Assets	\$834,072,000
		Intangible Assets	\$536,698,000
		Total Liabilities	\$336,288,000
		Shares Outstanding (Diluted Average)	24,052,000





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 [Comtech Telecommunications Corp Valuation – Initial Coverage \\$CMTL](#)

Other ModernGraham posts about related companies [Shaw Communications Inc Valuation – July 2018 \\$TSE:SJR.B](#)
[ARRIS International PLC Valuation – July 2018 \\$ARRS](#)
[Iridium Communications Inc Valuation – July 2018 \\$IRDM](#)
[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](#)
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[Comcast Corporation Valuation – March 2018 \\$CMCSA](#)
[Spok Holdings Inc Valuation – March 2018 \\$SPOK](#)