

# ModernGraham Valuation

Company Name:

Textron Inc.

Company Ticker TXT

Date of Analysis

1/15/2019



## 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	\$11,701,001,722	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.06	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
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	891.58%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	15.69	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.17	Pass

*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	2.06	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.06	Pass
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		Pass
	Score		

### Suitability

<b>Defensive</b>	<b>Yes</b>
<b>Enterprising</b>	<b>Yes</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$3.07
MG Growth Estimate	12.07%
<b>MG Value</b>	<b>\$100.14</b>
MG Value based on 3% Growth	\$44.50
MG Value based on 0% Growth	\$26.08
Market Implied Growth Rate	3.60%

### MG Opinion

Current Price	\$48.16
% of Intrinsic Value	48.09%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>B</b>

## Stage 3: Information for Further Research

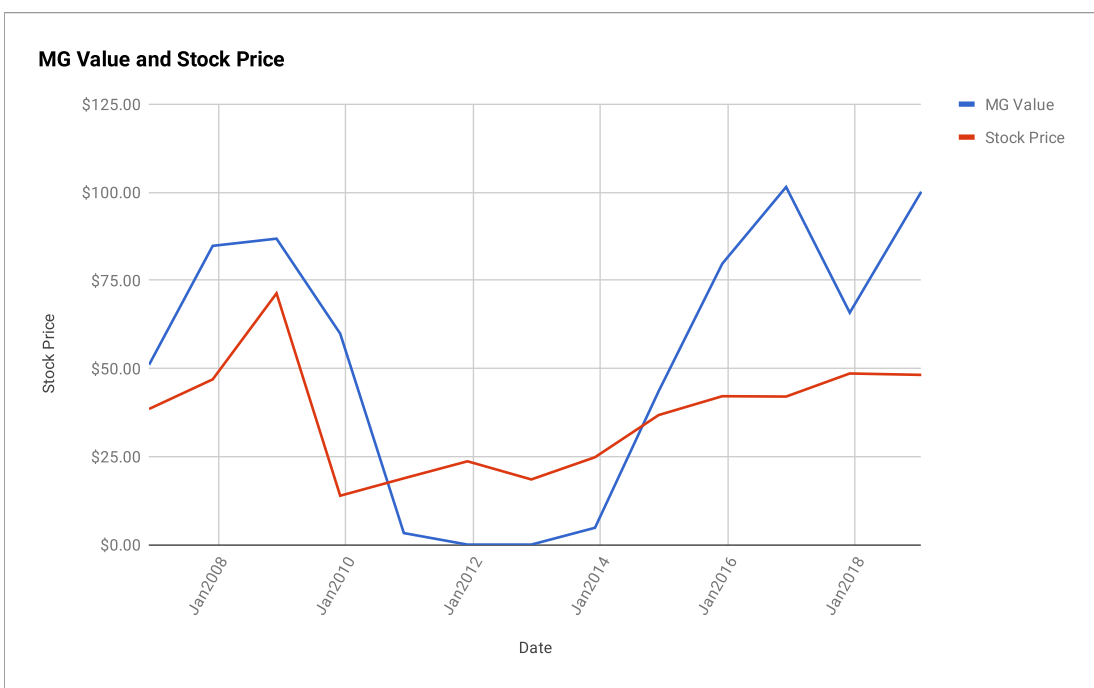
Net Current Asset Value (NCAV)	-\$8.30
Graham Number	\$48.04
PEmg	15.69
Current Ratio	2.06
PB Ratio	2.17
Current Dividend	\$0.08
Dividend Yield	0.17%
Number of Consecutive Years of Dividend Growth	0

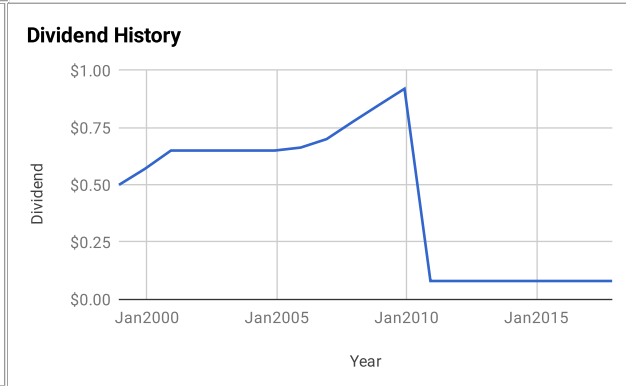
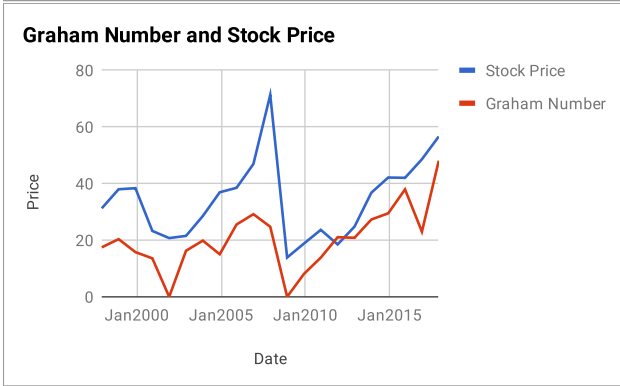
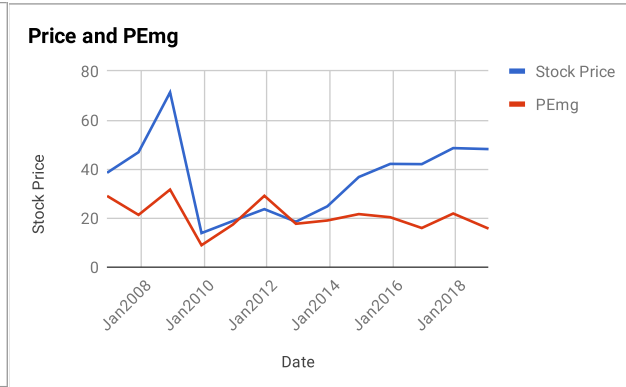
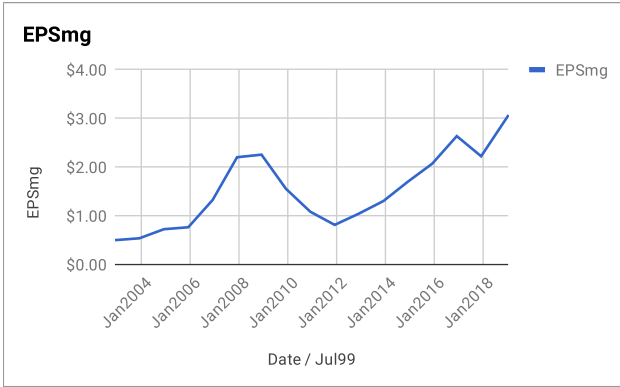
### Useful Links:

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[Google Finance](#)  
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[GuruFocus](#)

[Morningstar](#)  
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[Seeking Alpha](#)  
[SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.75	Next Fiscal Year Estimate	\$3.07
Dec2017	\$1.14	Dec2017	\$2.22
Dec2016	\$3.53	Dec2016	\$2.64
Dec2015	\$2.50	Dec2015	\$2.07
Dec2014	\$2.13	Dec2014	\$1.70
Dec2013	\$1.75	Dec2013	\$1.30
Dec2012	\$2.00	Dec2012	\$1.05
Dec2011	\$0.79	Dec2011	\$0.81
Dec2010	\$0.28	Dec2010	\$1.08
Dec2009	-\$0.12	Dec2009	\$1.56
Dec2008	\$1.94	Dec2008	\$2.26
Dec2007	\$3.60	Dec2007	\$2.20
Dec2006	\$2.31	Dec2006	\$1.33
Dec2005	\$0.75	Dec2005	\$0.76
Dec2004	\$1.31	Dec2004	\$0.72
Dec2003	\$0.95	Dec2003	\$0.54
Dec2002	-\$0.45	Dec2002	\$0.50
Dec2001	\$0.58	<b>Balance Sheet Information 9/1/2018</b>	
Dec2000	\$0.75	Total Current Assets	\$7,055,000,000
Dec1999	\$1.91	Total Current Liabilities	\$3,423,000,000
Dec1998	\$1.37	Long-Term Debt	\$3,857,000,000
		Total Assets	\$14,669,000,000
		Intangible Assets	\$2,209,000,000
		Total Liabilities	\$9,126,000,000
		Shares Outstanding (Diluted Average)	249,378,000





**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**
- [Textron Inc Valuation – March 2018 \\$TXT](#)
  - [5 Undervalued Stocks for Value Investors with a High Beta – December 2016](#)
  - [12 Best Stocks For Value Investors This Week – 7/1/16](#)
  - [Textron Inc Valuation – June 2016 \\$TXT](#)
  - [13 Best Stocks For Value Investors This Week – 12/12/15](#)

- Other ModernGraham posts about related companies**
- [Lockheed Martin Corp Valuation – January 2019 \\$LMT](#)
  - [United Technologies Corp Valuation – November 2018 \\$UTX](#)
  - [Boeing Co Valuation – November 2018 \\$BA](#)
  - [Axon Enterprises Inc Valuation – October 2018 \\$AAXN](#)
  - [Cubic Corp Valuation – September 2018 \\$CUB](#)
  - [KLX Inc Valuation – August 2018 \\$KLXI](#)
  - [Kaman Corp Valuation – August 2018 \\$KAMN](#)
  - [Raytheon Co Valuation – June 2018 \\$RTN](#)
  - [General Dynamics Corp Valuation – June 2018 \\$GD](#)
  - [TransDigm Group Inc Valuation – June 2018 \\$TDG](#)