

# ModernGraham Valuation

## Company Name:

Company Ticker HII  
Date of Analysis

Huntington Ingalls  
Industries Inc

2/15/2019



## 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	\$9,109,897,923	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.14	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	6282.54%	Pass
5. Earnings Growth	PEmg < 20	17.17	Pass
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	5.16	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	1.14	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	5.62	Fail
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 Score		Pass

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$12.66
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$487.38</b>
MG Value based on 3% Growth	\$183.56
MG Value based on 0% Growth	\$107.60
Market Implied Growth Rate	4.34%

### MG Opinion

Current Price	\$217.42
% of Intrinsic Value	44.61%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>C-</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$58.08
Graham Number	\$124.28
PEmg	17.17
Current Ratio	1.14
PB Ratio	5.16
Current Dividend	\$2.52
Dividend Yield	1.16%
Number of Consecutive Years of Dividend Growth	6

### Useful Links:

[ModernGraham tagged articles](#)  
[Google Finance](#)  
[Yahoo Finance](#)  
[GuruFocus](#)  
[Morningstar](#)  
[MSN Money](#)  
[Seeking Alpha](#)  
[SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
	\$17.61		\$12.66
Dec2017	\$10.46	Dec2017	\$9.66
Dec2016	\$12.14	Dec2016	\$8.53
Dec2015	\$8.36	Dec2015	\$5.90
Dec2014	\$6.86	Dec2014	\$4.16
Dec2013	\$5.18	Dec2013	\$2.45
Dec2012	\$2.91	Dec2012	\$0.96
Dec2011	-\$2.05	Dec2011	\$0.03
Dec2010	\$2.68	Dec2010	\$0.89
Dec2009	\$0.00	Dec2009	\$0.00
Dec2008	\$0.00	Dec2008	\$0.00
Dec2007	\$0.00	Dec2007	\$0.00
Dec2006	\$0.00	Dec2006	\$0.00
Dec2005	\$0.00	Dec2005	\$0.00
Dec2004	\$0.00	Dec2004	\$0.00
Dec2003	\$0.00	Dec2003	\$0.00
Dec2002	\$0.00	Dec2002	\$0.00
Dec2001	\$0.00	<b>Balance Sheet Information 9/1/2018</b>	
Dec2000	\$0.00	Total Current Assets	\$1,859,000,000
Dec1999	\$0.00	Total Current Liabilities	\$1,631,000,000
Dec1998	\$0.00	Long-Term Debt	\$1,282,000,000
		Total Assets	\$6,199,000,000
		Intangible Assets	\$1,697,000,000
		Total Liabilities	\$4,374,000,000
		Shares Outstanding (Diluted Average)	43,300,000





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

#N/A

Other  
ModernGraham  
posts about related  
companies

[L3 Technologies Inc Valuation – January 2019 \\$LLL](#)  
[Textron Inc Valuation – January 2019 \\$TXT](#)  
[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](#)