

ModernGraham Valuation

General Dynamics
Corporation



Company Name:

Company Ticker GD

Date of Analysis

3/26/2019

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 | \$48,068,656,138 | Pass |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2 | 1.23 | Fail |
| 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 | 153.85% | Pass |
| 5. Earnings Growth | PEmg < 20 | 15.88 | Pass |
| 6. Moderate PEmg Ratio | PB Ratio < 2.5 OR PB*PEmg < 50 | 4.21 | 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 | 1.23 | Fail |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1 | 3.32 | 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

| | |
|---------------------|-----------|
| Defensive | No |
| Enterprising | No |

Stage 2: Determination of Intrinsic Value

| | |
|-----------------------------|-----------------|
| EPSmg | \$10.48 |
| MG Growth Estimate | 8.33% |
| MG Value | \$263.73 |
| MG Value based on 3% Growth | \$152.03 |
| MG Value based on 0% Growth | \$89.12 |
| Market Implied Growth Rate | 3.69% |

MG Opinion

| | |
|----------------------|--------------------|
| Current Price | \$166.49 |
| % of Intrinsic Value | 63.13% |
| Opinion | Undervalued |
| MG Grade | C |

Stage 3: Information for Further Research

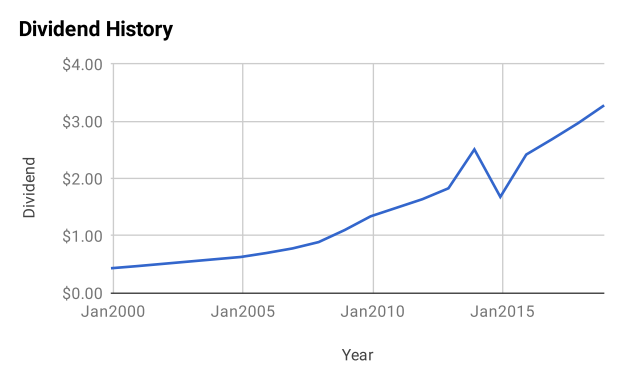
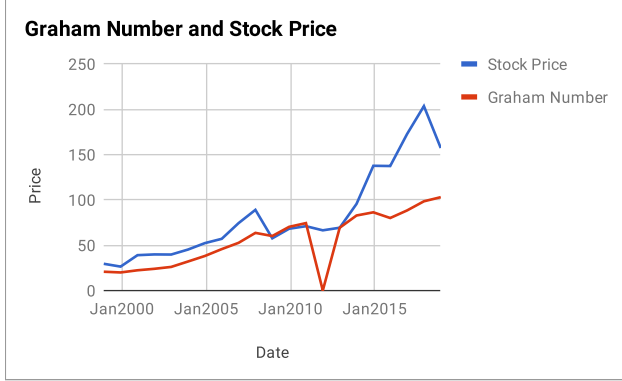
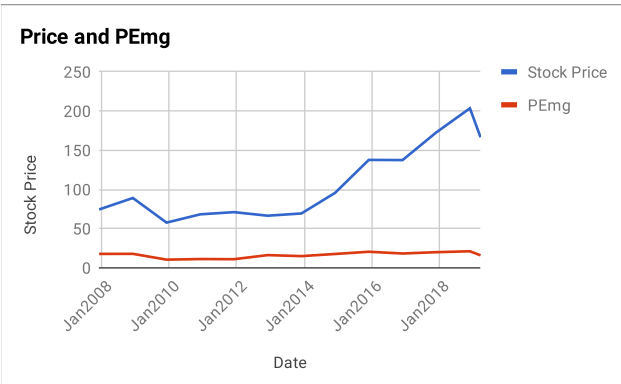
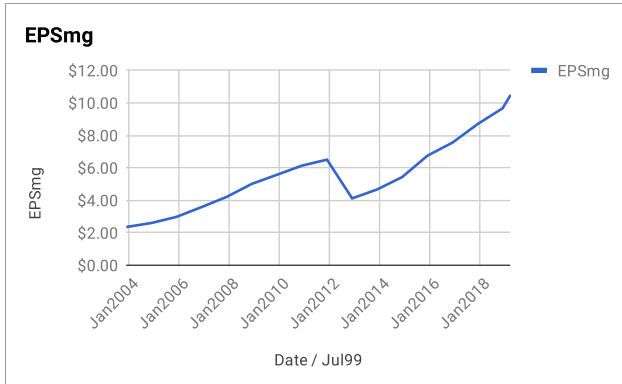
| | |
|--|----------|
| Net Current Asset Value (NCAV) | -\$52.25 |
| Graham Number | \$102.99 |
| PEmg | 15.88 |
| Current Ratio | 1.23 |
| PB Ratio | 4.21 |
| Current Dividend | \$3.63 |
| Dividend Yield | 2.18% |
| Number of Consecutive Years of Dividend Growth | 5 |

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 | \$11.60 | Next Fiscal Year Estimate | \$10.48 |
| Dec2018 | \$11.18 | Dec2018 | \$9.67 |
| Dec2017 | \$9.56 | Dec2017 | \$8.69 |
| Dec2016 | \$8.29 | Dec2016 | \$7.55 |
| Dec2015 | \$9.29 | Dec2015 | \$6.74 |
| Dec2014 | \$7.42 | Dec2014 | \$5.43 |
| Dec2013 | \$6.67 | Dec2013 | \$4.67 |
| Dec2012 | -\$0.94 | Dec2012 | \$4.11 |
| Dec2011 | \$6.87 | Dec2011 | \$6.50 |
| Dec2010 | \$6.81 | Dec2010 | \$6.13 |
| Dec2009 | \$6.17 | Dec2009 | \$5.57 |
| Dec2008 | \$6.17 | Dec2008 | \$5.01 |
| Dec2007 | \$5.08 | Dec2007 | \$4.21 |
| Dec2006 | \$4.56 | Dec2006 | \$3.58 |
| Dec2005 | \$3.61 | Dec2005 | \$2.98 |
| Dec2004 | \$3.05 | Dec2004 | \$2.60 |
| Dec2003 | \$2.52 | Dec2003 | \$2.35 |
| Dec2002 | \$2.26 | Balance Sheet Information 12/1/2018 | |
| Dec2001 | \$2.33 | Total Current Assets | \$18,189,000,000 |
| Dec2000 | \$2.24 | Total Current Liabilities | \$14,739,000,000 |
| Dec1999 | \$2.18 | Long-Term Debt | \$11,444,000,000 |
| | | Total Assets | \$45,408,000,000 |
| | | Intangible Assets | \$22,179,000,000 |
| | | Total Liabilities | \$33,676,000,000 |
| | | Shares Outstanding (Diluted Average) | 296,406,000 |





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**
- [5 Companies for Enterprising Investors Near 52 Week Lows – September 2018](#)
 - [5 Companies for Enterprising Investors Near 52 Week Lows – July 2018](#)
 - [General Dynamics Corp Valuation – June 2018 \\$GD](#)
 - [General Dynamics Corp Valuation – March 2017 \\$GD](#)
 - [General Dynamics Corporation Valuation – January 2016 Update \\$GD](#)

- Other ModernGraham posts about related companies**
- [TransDigm Group Inc Valuation – March 2019 #TDG](#)
 - [Northrop Grumman Corp Valuation – March 2019 #NOC](#)
 - [Huntington Ingalls Industries Inc Valuation – February 2019 \\$HII](#)
 - [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](#)