

ModernGraham Valuation



Company Name:

Northrop Grumman Corporation

Company Ticker NOC

Date of Analysis

3/11/2019

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	\$47,326,350,403	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.17	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	138.28%	Pass
6. Moderate PEmg Ratio	PEmg < 20	17.02	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	5.88	Fail

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	1.17	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	9.87	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	\$16.38
MG Growth Estimate	11.49%
MG Value	\$515.91
MG Value based on 3% Growth	\$237.57
MG Value based on 0% Growth	\$139.26
Market Implied Growth Rate	4.26%

MG Opinion

Current Price	\$278.82
% of Intrinsic Value	54.04%
Opinion	Undervalued
MG Grade	C-

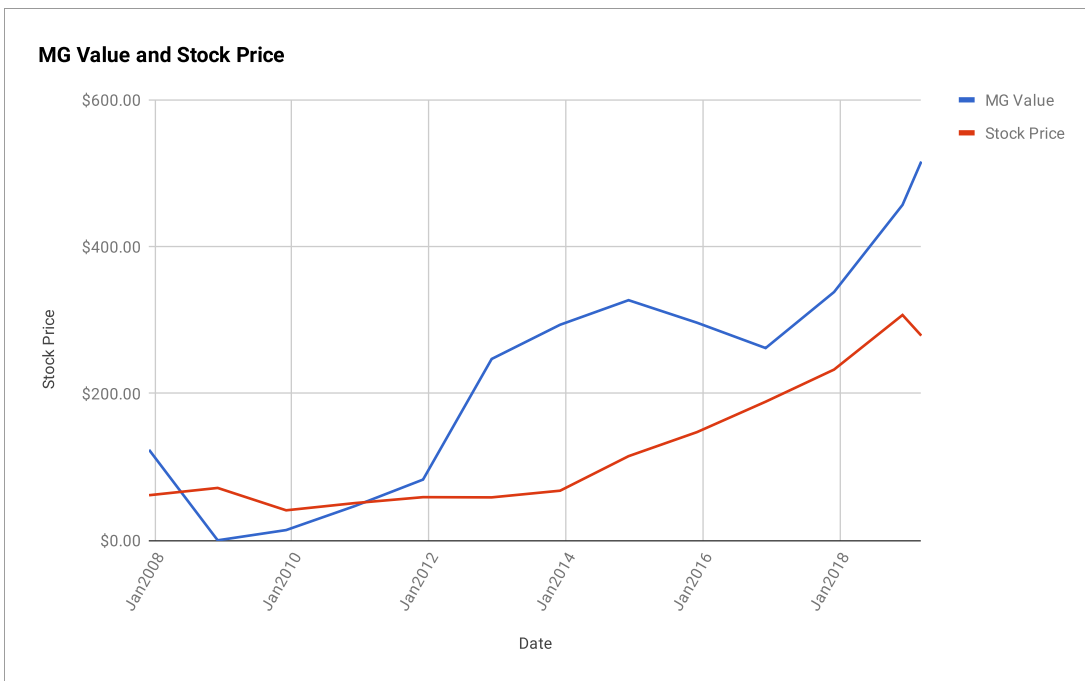
Stage 3: Information for Further Research

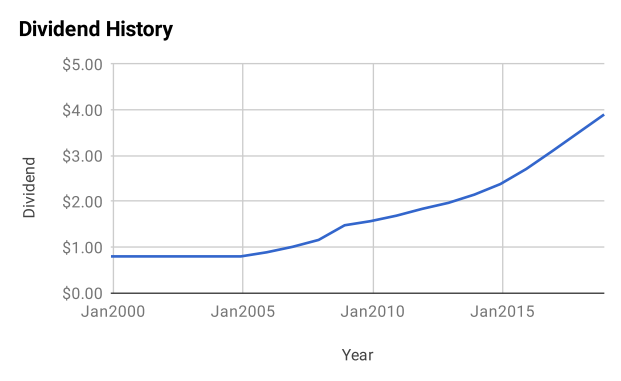
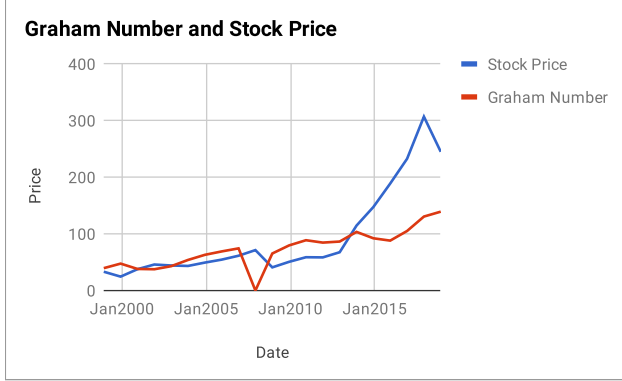
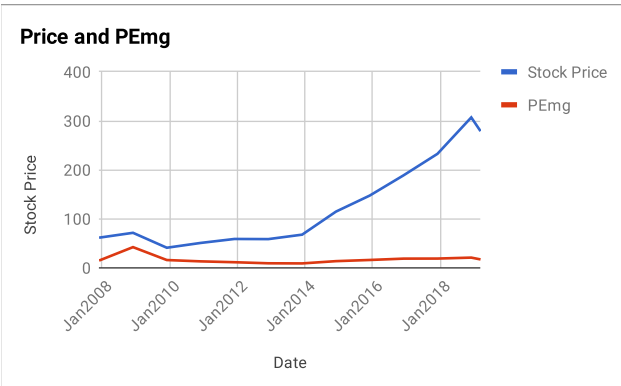
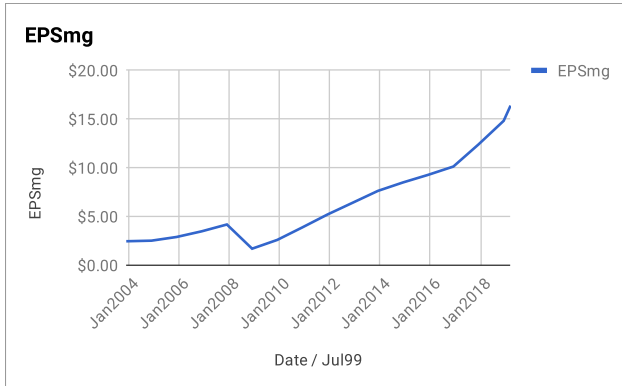
Net Current Asset Value (NCAV)	-\$114.50
Graham Number	\$139.21
PEmg	17.02
Current Ratio	1.17
PB Ratio	5.88
Current Dividend	\$4.70
Dividend Yield	1.69%
Number of Consecutive Years of Dividend Growth	15

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	\$17.95	Next Fiscal Year Estimate	\$16.38
Dec2018	\$18.49	Dec2018	\$14.82
Dec2017	\$16.34	Dec2017	\$12.40
Dec2016	\$11.32	Dec2016	\$10.13
Dec2015	\$10.39	Dec2015	\$9.28
Dec2014	\$9.75	Dec2014	\$8.50
Dec2013	\$8.35	Dec2013	\$7.63
Dec2012	\$7.81	Dec2012	\$6.42
Dec2011	\$7.52	Dec2011	\$5.21
Dec2010	\$6.82	Dec2010	\$3.88
Dec2009	\$5.21	Dec2009	\$2.59
Dec2008	-\$3.77	Dec2008	\$1.69
Dec2007	\$5.12	Dec2007	\$4.18
Dec2006	\$4.37	Dec2006	\$3.48
Dec2005	\$3.85	Dec2005	\$2.90
Dec2004	\$2.97	Dec2004	\$2.52
Dec2003	\$2.09	Dec2003	\$2.46
Dec2002	\$1.84	Balance Sheet Information 12/1/2018	
Dec2001	\$2.37	Total Current Assets	\$9,680,000,000
Dec2000	\$4.29	Total Current Liabilities	\$8,274,000,000
Dec1999	\$3.35	Long-Term Debt	\$13,883,000,000
		Total Assets	\$37,653,000,000
		Intangible Assets	\$20,044,000,000
		Total Liabilities	\$29,466,000,000
		Shares Outstanding (Diluted Average)	172,800,000





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**
- [Northrop Grumman Corp Valuation – May 2018 \\$NOC](#)
 - [Northrop Grumman Corp Valuation – February 2017 \\$NOC](#)
 - [Northrop Grumman Corporation Valuation – November 2015 Update \\$NOC](#)
 - [30 Companies in the Spotlight This Week – 11/15/14](#)
 - [Northrop Grumman Corporation Annual Valuation – 2014 \\$NOC](#)

- Other ModernGraham posts about related companies**
- [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](#)
 - [KLX Inc Valuation – August 2018 \\$KLXI](#)
 - [Kaman Corp Valuation – August 2018 \\$KAMN](#)