

# ModernGraham Valuation

Company Name:

Raytheon Company

Company Ticker RTN

Date of Analysis

3/28/2019



## 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	\$50,836,887,301	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.46	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
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	80.90%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	19.17	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.47	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	1.46	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.24	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	\$9.40
MG Growth Estimate	6.50%
<b>MG Value</b>	<b>\$202.10</b>
MG Value based on 3% Growth	\$136.26
MG Value based on 0% Growth	\$79.88
Market Implied Growth Rate	5.33%

### MG Opinion

Current Price	\$180.12
% of Intrinsic Value	89.12%
<b>Opinion</b>	<b>Fairly Valued</b>
<b>MG Grade</b>	<b>D+</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$29.00
Graham Number	\$102.60
PEmg	19.17
Current Ratio	1.46
PB Ratio	4.47
Current Dividend	\$3.47
Dividend Yield	1.93%
Number of Consecutive Years of Dividend Growth	14

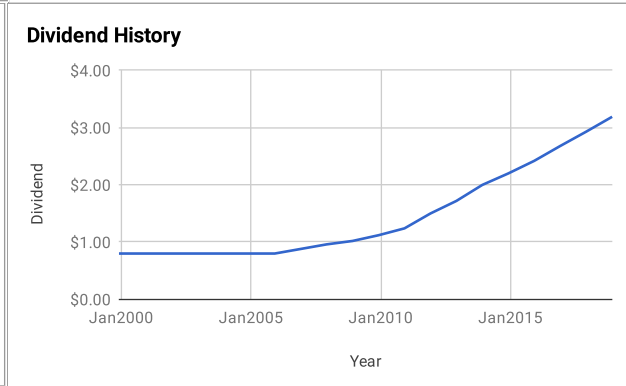
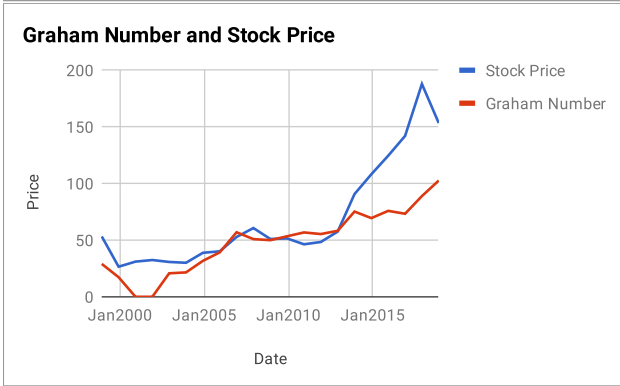
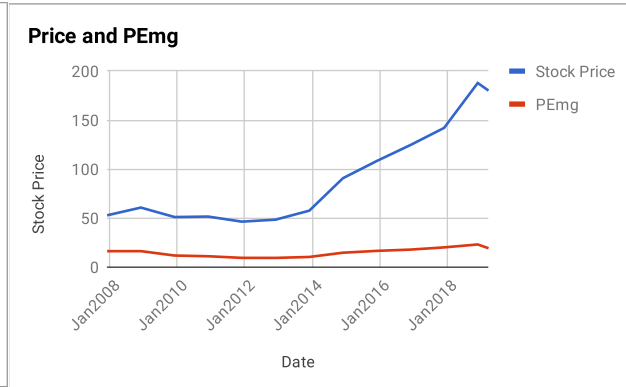
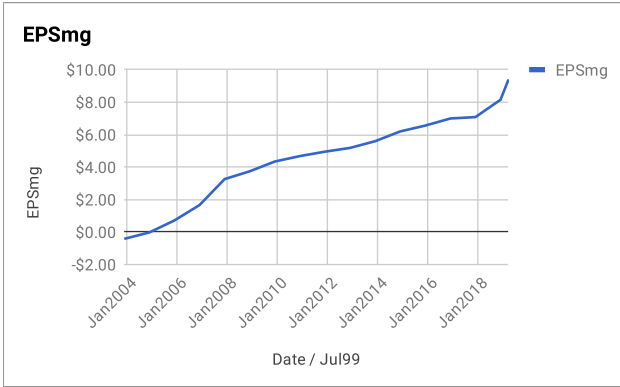
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[Morningstar](#)  
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[Seeking Alpha](#)  
[SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$11.50	Next Fiscal Year Estimate	\$9.40
Dec2018	\$10.15	Dec2018	\$8.15
Dec2017	\$6.95	Dec2017	\$7.08
Dec2016	\$7.55	Dec2016	\$6.99
Dec2015	\$6.91	Dec2015	\$6.56
Dec2014	\$7.18	Dec2014	\$6.20
Dec2013	\$6.16	Dec2013	\$5.59
Dec2012	\$5.65	Dec2012	\$5.18
Dec2011	\$5.28	Dec2011	\$4.95
Dec2010	\$4.88	Dec2010	\$4.68
Dec2009	\$4.89	Dec2009	\$4.34
Dec2008	\$3.92	Dec2008	\$3.74
Dec2007	\$5.79	Dec2007	\$3.26
Dec2006	\$2.85	Dec2006	\$1.66
Dec2005	\$1.92	Dec2005	\$0.71
Dec2004	\$0.94	Dec2004	-\$0.03
Dec2003	\$0.88	Dec2003	-\$0.42
Dec2002	-\$1.59	<b>Balance Sheet Information 12/1/2018</b>	
Dec2001	-\$2.12	Total Current Assets	\$12,136,000,000
Dec2000	\$0.41	Total Current Liabilities	\$8,288,000,000
Dec1999	\$1.17	Long-Term Debt	\$4,755,000,000
		Total Assets	\$31,864,000,000
		Intangible Assets	\$15,486,000,000
		Total Liabilities	\$20,392,000,000
		Shares Outstanding (Diluted Average)	284,700,000





**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**
- [Raytheon Co Valuation – June 2018 \\$RTN](#)
  - [Raytheon Company Valuation – April 2017 \\$RTN](#)
  - [Raytheon Company Valuation – August 2016 \\$RTN](#)
  - [Raytheon Co Valuation – February 2016 \\$RTN](#)
  - [10 Best Stocks For Value Investors This Week – 10/31/15](#)

- 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](#)