

# ModernGraham Valuation

TransDigm Group  
Incorporated



## Company Name:

Company Ticker TDG

Date of Analysis

3/17/2019

## 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	\$23,267,803,131	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	4.13	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
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	249.49%	Pass
5. Earnings Growth	PEmg < 20	32.92	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	-14.85	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	4.13	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	4.20	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Fail
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	\$13.36
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$514.39</b>
MG Value based on 3% Growth	\$193.73
MG Value based on 0% Growth	\$113.57
Market Implied Growth Rate	12.21%

### MG Opinion

Current Price	\$439.87
% of Intrinsic Value	85.51%
<b>Opinion</b>	<b>Fairly Valued</b>
<b>MG Grade</b>	<b>D+</b>

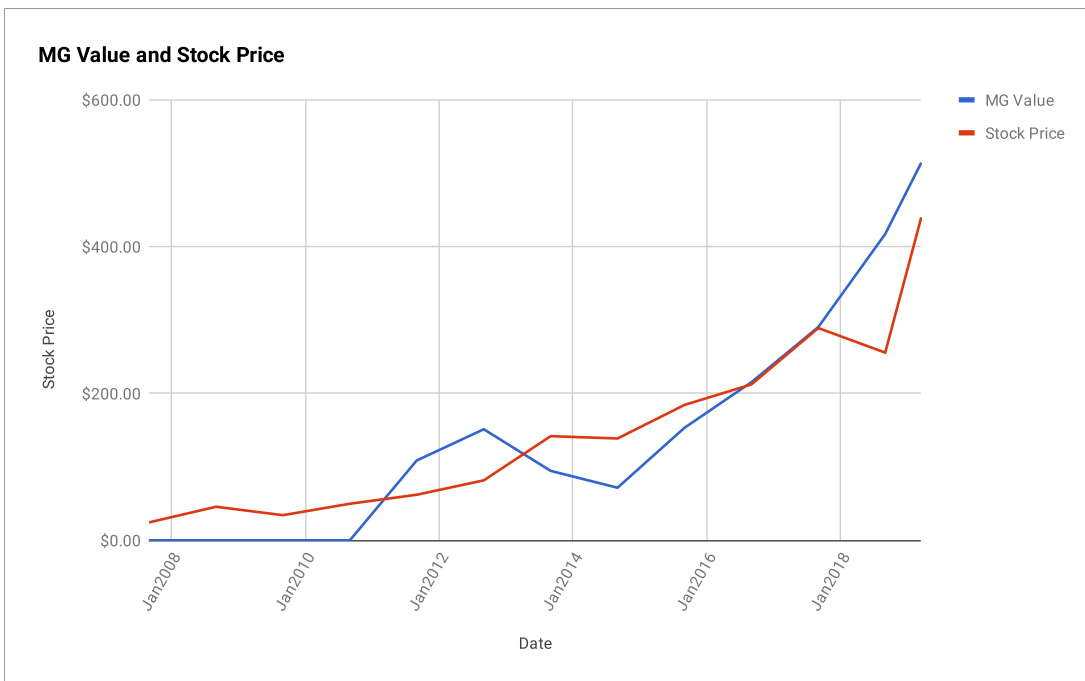
## Stage 3: Information for Further Research

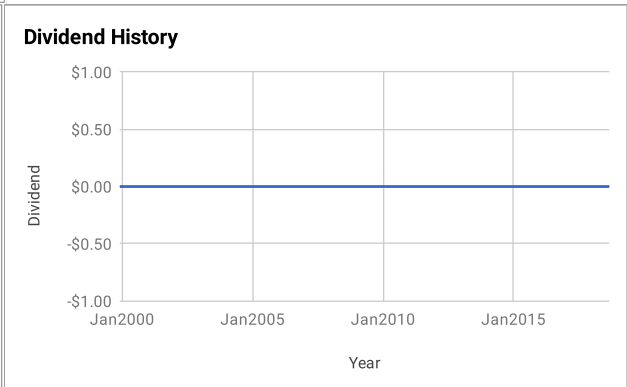
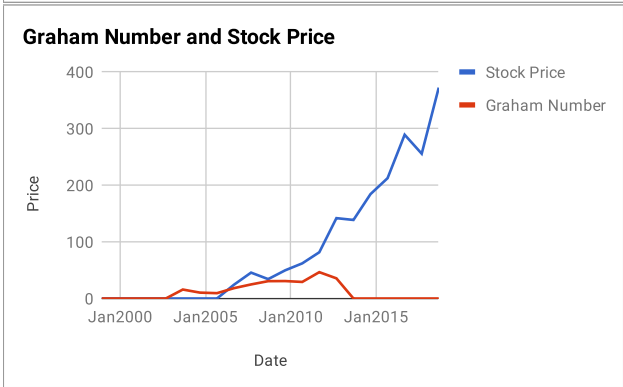
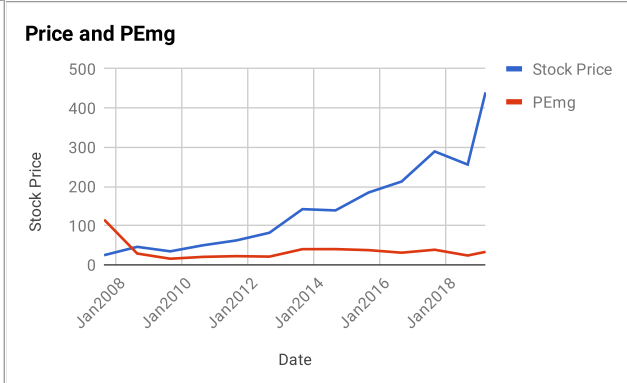
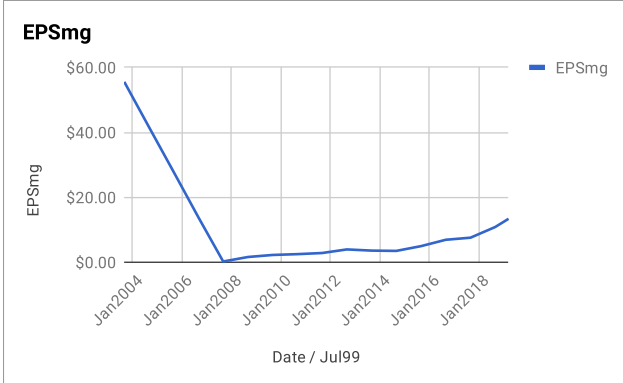
Net Current Asset Value (NCAV)	-\$180.03
Graham Number	\$0.00
PEmg	32.92
Current Ratio	4.13
PB Ratio	-14.85
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$16.67	Next Fiscal Year Estimate	\$13.36
Sep2018	\$16.20	Sep2018	\$10.84
Sep2017	\$7.88	Sep2017	\$7.55
Sep2016	\$10.39	Sep2016	\$6.90
Sep2015	\$7.84	Sep2015	\$4.94
Sep2014	\$3.16	Sep2014	\$3.48
Sep2013	\$2.39	Sep2013	\$3.57
Sep2012	\$5.97	Sep2012	\$3.93
Sep2011	\$3.17	Sep2011	\$2.82
Sep2010	\$2.52	Sep2010	\$2.48
Sep2009	\$3.10	Sep2009	\$2.23
Sep2008	\$2.65	Sep2008	\$1.60
Sep2007	\$1.83	Sep2007	\$0.21
Sep2006	\$0.53	Sep2006	\$13.78
Sep2005	\$0.75	Sep2005	\$27.74
Sep2004	\$0.29	Sep2004	\$41.57
Sep2003	-\$10.92	Sep2003	\$55.55
Sep2002	\$221.95	<b>Balance Sheet Information 12/1/2018</b>	
Dec2001	\$0.00	Total Current Assets	\$3,926,618,000
Dec2000	\$0.00	Total Current Liabilities	\$951,266,000
Dec1999	\$0.00	Long-Term Debt	\$12,507,616,000
		Total Assets	\$12,389,278,000
		Intangible Assets	\$8,001,467,000
		Total Liabilities	\$14,056,171,000
		Shares Outstanding (Diluted Average)	56,266,000





**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** [TransDigm Group Inc Valuation – June 2018 \\$TDG](#)  
[TransDigm Group Inc Valuation – Initial Coverage \\$TDG](#)

**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](#)