



Dust Collecting

Panning for CI Nuggets in
Company Financial Data

Brandon Conroy



Anyone can start...



GOAL: Have a good time

... a few can't stop



GOAL: Make a fortune

Realistic expectations are mandatory!



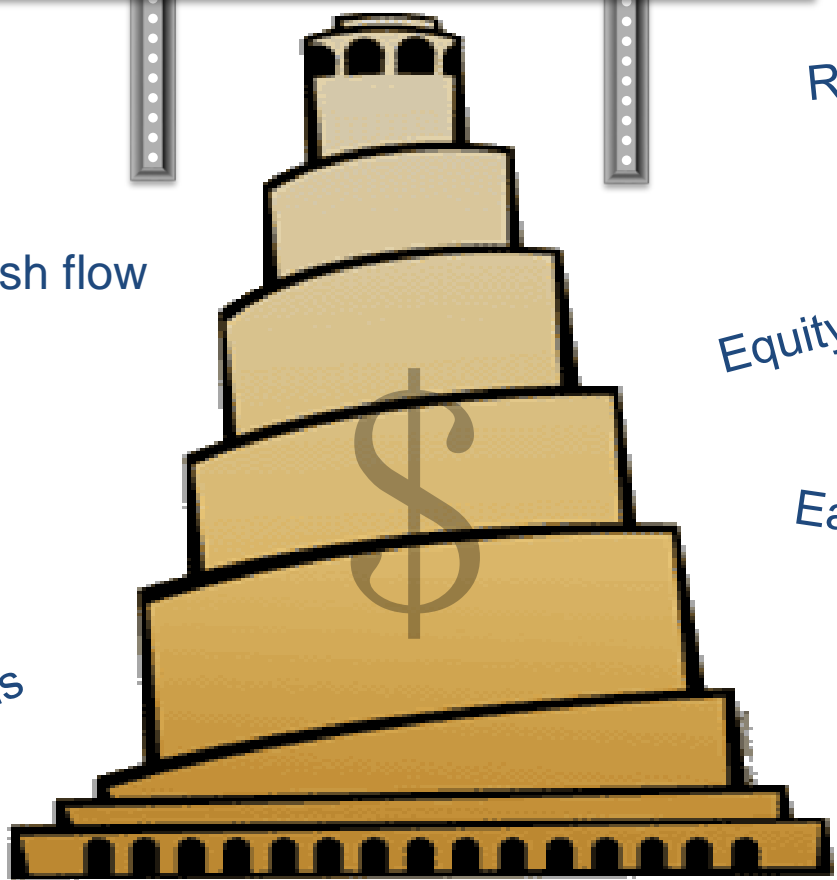
Investor analysts study companies to determine whether to invest in them

Competitive intelligence analysts study companies to determine how to beat them





Welcome to Babel



Net Income
 Operating Margin
 Profit
 Sales
 Operating earnings
 Cash
 Margins
 Income from operations

Free cash flow

Return-on-Sales
 Revenue
 IR&D
 M&A
 Equity
 Operating Income
 Earnings
 Organic
 EBITDA



- **Cost**: \$1.00 for lemonade mix
(makes 10 glasses)
- **Price**: Sell lemonade for 25¢ per glass



10 glasses sold:

- **Sales** = $10 \times 25¢ = \$2.50$
- **Profit** = [Sales] - [Cost]
= $\$2.50 - \$1.00 = \$1.50$
- **Margin** = $\frac{\text{Profit } (\$1.50)}{\text{Sales } (\$2.50)}$
= 0.6 or **60%**

14 glasses sold:

- **Sales** = $14 \times 25¢ = \$3.50$
- **Profit** = [Sales] - [Cost]
= $\$3.50 - \$2.00 = \$1.50$
- **Margin** = $\frac{\text{Profit } (\$1.50)}{\text{Sales } (\$3.50)}$
 ≈ 0.43 or **43%** Had to buy more mix



Streams of Gold

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended March 31, 2014
Commission File Number 1-9750

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended September 29, 2012

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____
Commission file number: 000-10030

For Immediate Release

Raytheon Reports Solid Second Quarter 2015 Results

- Strong bookings of \$7.6 billion; book-to-bill ratio of 1.30
- Net sales of \$5.8 billion, up 3 percent
- EPS from continuing operations of \$1.65
- Solid operating cash flow from continuing operations of \$376 million
- Updated full-year 2015 guidance

WALTHAM, Mass., (July 23, 2015) - Raytheon Company (NYSE: RTN) announced net sales for the second quarter 2015 were \$5.8 billion compared to \$5.6 billion in the second quarter 2014. Second quarter 2015 EPS from continuing operations of \$1.65 compared to \$1.59 in the second quarter 2014. Second quarter 2015 EPS

Earnings Releases

APPS
BIG DATA
CLOUD
CYBER
MOBILITY

CS Government Services + SRA
Working in US Government IT Services

August 31, 2015

Earnings Presentations

General Electric's (GE) CEO Jeff Immelt on Q3 2015 Results - Earnings Call Transcript

General Electric Company (NYSE: GE)
Q3 2015 Earnings Conference Call
October 14, 2015 8:00 AM EDT

Executives:
Star Cullen - Vice President, Investor Communications
Jeff Immelt - Chairman and Chief Executive Officer
Keith Sherin - Vice Chairman and Chief Executive Officer
Jill Bernstein - Chief Financial Officer

Analysts:
Scott Davis - Barclays
Drew Davis - BGC Capital Markets
Steve Winkler - BancFirst
Nigel Coe - Morgan Stanley
Stephan Olschky - CIBC
Peter Michael - Credit Suisse
Joe Barab - Citigroup
Christopher O'Hara - Jefferies
Robert McCarty - TD
Julian Sperger - Veneta Capital

Earnings Transcripts



LEIDOS HOLDINGS, INC. REPORTS SECOND QUARTER 2015 RESULTS

Revenues for the quarter were \$1.26 billion, reflecting a revenue contraction of 4 percent, compared to \$1.31 billion in the prior year.

Why?

RESTON, Va., Aug. 5, 2015 /PRNewswire/ -- Leidos Holdings, Inc. (NYSE: LDOS), a national solutions company, today reported

	2015	2014
Revenues:	(\$ millions)	(\$ millions)
	1,260	1,310
	(5.0%)	

Why?

National Security Solutions revenues for the quarter decreased \$46 million, or 5 percent, compared to the prior year.

contraction was due to contract activities associated with Overseas Contingency Operations ("OCO Contracts").

revenue, cash flow and non-GAAP earnings. The current quarter includes a \$29 million loss on the execution to our commitments continues to improve, and our technical leadership and customer recognized. The recent decision by the DoD to execute

	CY 2015	FY 2015
Operating income (loss):	\$ 74	\$ 78
	8.4%	8.4%

Why?

operating income margin for the quarter was 8.4 percent, which was consistent with the prior year

reductions in indirect costs coupled with improved program performance offsetting the impact of revenue declines.

the DoD to execute our shareholdes will help us achieve even greater success."

NM - Not Meaningful

Second Quarter Summary Results

Why?

Health and Engineering revenues for the quarter decreased \$2 million, or 1 percent.

higher sales volume in our engineering business, which was offset by revenue decreases in our health and security products businesses.

(Plainfield") due to a price reduction and classification of Plainfield as held for sale. The company July 24, 2015. The prior year quarter included \$510 million of impairment losses.

revenue declines associated with OCO Contracts, the remaining revenue declined slightly. OCO Contracts contributed approximately \$50 million in revenues for the quarter.

Why?

operating loss for the quarter was \$7 million compared to operating loss of \$482 million for the prior year.

impacted by the previously discussed \$29 million loss on Plainfield.

per share from year.

Which one?

impacted by a reduction in revenue from a business that typically generates higher margins.

In March 2015, we announced a change in its fiscal year end from the Friday nearest the end of December. The year-to-date results are for the six months ended July 3, 2015, whereas the results for the prior period are for the six months ended January 30, 2015, whereas the results for the prior period are for the six months ended August 1, 2014. The quarterly results are for the three months ended July 3, 2015, whereas the results for the prior period are for the three months ended August 1, 2014.

Health and Engineering operating loss for the quarter was \$7 million compared to operating loss of \$482 million for the prior year. Operating loss for the quarter was impacted by the previously discussed \$29 million loss on Plainfield. The quarter was also impacted by a reduction in revenue from a business that typically generates higher margins. These decreases were offset by a reduction in indirect expenses. Operating loss for the three months ended August 1, 2014 included non-cash impairment charges of \$510 million.

So what???



CONSOLIDATED STATEMENTS OF OPERATIONS
(In millions, except number of shares which are reflected in thousands and per share amounts)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In millions)

Net income	
Other comprehensive income/(loss):	
Change in foreign currency translation, net of tax effects of \$13, respectively	
Change in unrecognized gains/losses on derivative instruments	
Change in fair value of derivatives, net of tax benefit/(expense) of \$(351) and \$73, respectively	
Adjustment for net losses/(gains) realized and included in net of tax expense/(benefit) of \$(36), \$255 and \$220, respectively	
Total change in unrecognized gains/losses on derivative instruments, net of tax	
Change in unrealized gains/losses on marketable securities:	
Change in fair value of marketable securities, net of tax (expense) of \$(153), \$458 and \$(421), respectively	
Adjustment for net losses/(gains) realized and included in net of tax expense/(benefit) of \$71, \$82 and \$68, respectively	
Total change in unrealized gains/losses on marketable securities, net of tax	
Total other comprehensive income/(loss)	
Total comprehensive income	

See accompanying Notes

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)


	September 27, 2014	September 28, 2013	September 29, 2012
Cash and cash equivalents, beginning of the year	\$ 14,259	\$ 14,259	\$ 14,259
Operating activities:			
Net income	39,510	39,510	39,510
Adjustments to reconcile net income to cash generated by operating activities:			
Depreciation and amortization	7,940	7,940	7,940
Share-based compensation expense	2,860	2,860	2,860
Deferred income tax expense	2,340	2,340	2,340
Changes in operating assets and liabilities:			
Accounts receivable, net	(4,200)	(4,200)	(4,200)
Inventories	(2,000)	(2,000)	(2,000)
Vendor non-trade receivables	(2,000)	(2,000)	(2,000)
Other current and non-current assets	5,000	5,000	5,000
Accounts payable	1,000	1,000	1,000
Deferred revenue	1,000	1,000	1,000
Other current and non-current liabilities	6,000	6,000	6,000
Cash generated by operating activities	56,000	56,000	56,000
Investing activities:			
Purchases of marketable securities	(21,000)	(21,000)	(21,000)
Proceeds from maturities of marketable securities	1,000	1,000	1,000
Proceeds from sales of marketable securities	18,000	18,000	18,000
Payments made in connection with business acquisitions, net	(1,000)	(1,000)	(1,000)
Payments for acquisition of property, plant and equipment	(1,000)	(1,000)	(1,000)
Payments for acquisition of intangible assets	(1,000)	(1,000)	(1,000)
Other	(1,000)	(1,000)	(1,000)
Cash used in investing activities	(6,000)	(6,000)	(6,000)
Financing activities:			
Proceeds from issuance of common stock	(1,000)	(1,000)	(1,000)
Excess tax benefits from equity awards	(1,000)	(1,000)	(1,000)
Taxes paid related to net share settlement of equity awards	(1,000)	(1,000)	(1,000)
Dividends and dividend equivalents paid	(1,000)	(1,000)	(1,000)
Repurchase of common stock	(1,000)	(1,000)	(1,000)
Proceeds from issuance of long-term debt, net	(1,000)	(1,000)	(1,000)
Proceeds from issuance of commercial paper, net	(1,000)	(1,000)	(1,000)
Cash used in financing activities	(6,000)	(6,000)	(6,000)
Increase/(decrease) in cash and cash equivalents	(6,000)	(6,000)	(6,000)
Cash and cash equivalents, end of the year	\$ 8,259	\$ 8,259	\$ 8,259
Supplemental cash flow disclosure:			
Cash paid for income taxes, net	\$ 10,026	\$ 9,128	\$ 7,682
Cash paid for interest	\$ 339	\$ 0	\$ 0

CONSOLIDATED BALANCE SHEETS
(In millions, except number of shares which are reflected in thousands and par value)

	September 27, 2014	September 28, 2013
ASSETS:		
Current assets:		
Cash and cash equivalents	\$ 13,844	\$ 14,259
Short-term marketable securities	11,233	26,287
Accounts receivable, less allowances of \$86 and \$99, respectively	17,460	13,102
Inventories	2,111	1,764
Deferred tax assets	4,318	3,453
Vendor non-trade receivables	9,759	7,539
Other current assets	9,806	6,882
Total current assets	68,531	73,286
Long-term marketable securities	130,162	106,215
Property, plant and equipment, net	20,624	16,597
Goodwill	4,616	1,577
Acquired intangible assets, net	4,142	4,179
Other assets	3,764	5,146
Total assets	\$ 231,839	\$ 207,000
LIABILITIES AND SHAREHOLDERS' EQUITY:		
Current liabilities:		
Accounts payable	\$ 30,196	\$ 22,367
Accrued expenses	18,453	13,856
Deferred revenue	8,491	7,435
Commercial paper	6,308	0
Total current liabilities	63,448	43,658
Deferred revenue - non-current	3,031	2,625
Long-term debt	28,987	16,960
Other non-current liabilities	24,826	20,208
Total liabilities	120,292	83,451
Shareholders' equity:		
Common stock and additional paid-in capital, \$0.00001 par value; 12,600,000 shares authorized; 5,866,161 and 6,294,494 shares issued and outstanding, respectively	23,313	19,764
Retained earnings	87,152	104,256
Accumulated other comprehensive income/(loss)	1,082	(471)
Total shareholders' equity	111,547	123,549
Total liabilities and shareholders' equity	\$ 231,839	\$ 207,000





Company	Total Assets	Total Liabilities	Total Equity (Assets - Liabilities)	Equity as % of Annual Sales
Mickey Mouse 	\$ 308,028	\$ 220,924	\$ 87,104	66%
Donald Duck	\$ 10,653	\$ 7,298	\$ 3,355	26%
Goofy	\$ 34,385	\$ 22,865	\$ 11,520	37%
Pluto	\$ 4,835	\$ 2,994	\$ 1,840	37%
Daisy Duck	\$ 101,396	\$ 74,227	\$ 27,169	24%
Minnie Mouse	\$ 39,848	\$ 36,866	\$ 2,982	7%
Clarabelle	\$ 9,425	\$ 7,331	\$ 2,094	36%
Winnie the Pooh	\$ 25,266	\$ 18,518	\$ 6,748	28%
Figaro	\$ 1,400	\$ 1,035	\$ 365	10%
Tinkerbell	\$ 235,790	\$ 225,031	\$ 10,759	8%



Strategy Statements

SG&A and IR&D
Spending as % of
sales

Business Mix

Changes in cash
flow

Significant Programs

Mgmt. / Org.
Changes



Mergers &
Acquisitions

Risk Statements

Return on Sales
(RoS)

Executive Compensation

Facility Closures /
Modification

Stock Price

NORTHROP GRUMMAN

Seeking Alpha^α

Jonathan Raviv - Citigroup Global Markets, Inc. (Broker)

And as a quick follow-up on talking about services, services not necessarily linked to your platforms, how do you approach that portfolio in light of your competitor or one of your competitors suggesting they want out of that market?

Wesley G. Bush - Chairman, President & Chief Executive Officer

But we've been a very active manager of our portfolio for many years now on both, I would say the products and the services sides of the company and I think that portfolio management has been working well for us. It's included taking a variety of actions, selling and spinning out businesses, as well as sometimes simply exiting some of our efforts through attrition. And those portfolios of actions have moved us largely out of the low margin commoditized service businesses. In fact, if you look at IS and TS where the majority of our service business resides, those sectors today are reporting operating margin rates in the range of 9% to 10%.

"And those portfolios of actions have moved us largely out of the low margin commoditized service businesses." – Business Mix Strategy

look at the service businesses at IS and TS somewhere in the range of 80% to 85% of that service business is with our DoD and our Intel customers.

"And then both IS and TS have a variety of [international] opportunities out there as well, whether we're talking about air defense systems or we're talking about sustainment opportunities or in some cases the cyber opportunities" – Specific opportunities / pursuits

Robert Stallard - RBC Capital Markets LLC

Wes, you mentioned that you expect to expose this year to make up roughly 15% of sales. I was wondering how much of that is already in the backlog, and also where you think this percentage could hit, maybe hit into next year?

Wesley G. Bush - Chairman, President & Chief Executive Officer

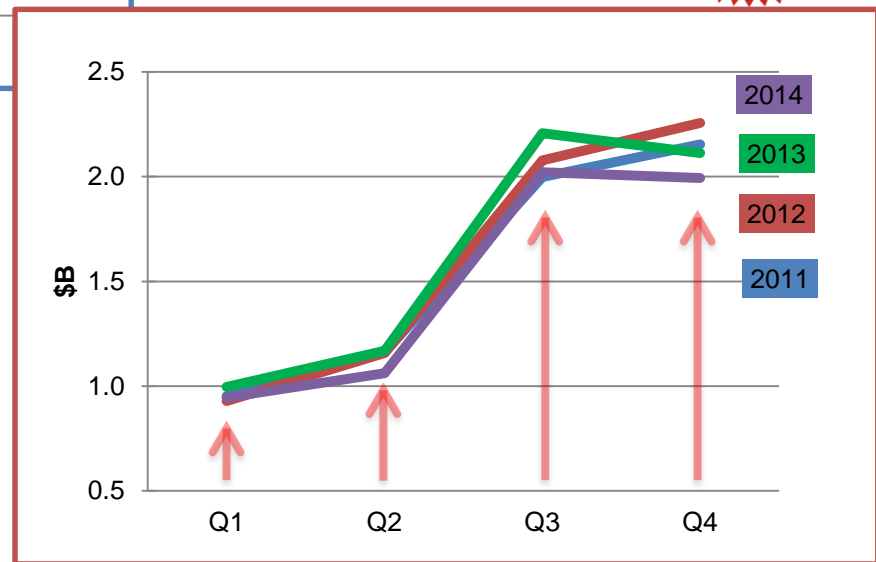
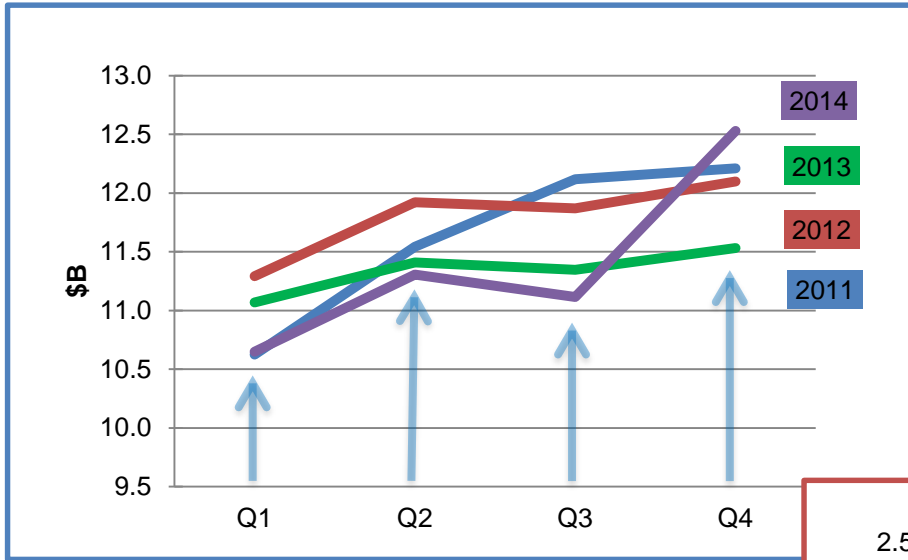
So, this is a very active manager of our portfolio for many years now on both, I would say the products and the services sides of the company and I think that portfolio management has been working well for us."

– Organizational Approach

look at Triton as well. So the whole arena of unmanned, particularly in the surveillance space I think is going to be a very nice set of opportunities for us. I mentioned Japan, not only are they pursuing Global Hawk, they're also pursuing E-2D and E-2D is a platform. I believe we will see a number of opportunities in that space.

"those sectors today are reporting operating margin rates in the range of 9% to 10%." – Performance / standards

that are international, continues to see a lot of opportunities. The SABK program that we announced earlier in Taiwan is one that I think we're going to see some nice opportunities around the globe. Clearly, Korea, is one that is in the near term, more near term than some of the others, but I think that's representative of the breadth of abilities that ES is bringing to the international marketplace. And then both IS and TS have a variety of opportunities out there as well, whether we're talking about air defense systems or we're talking about sustainment opportunities or in some cases the cyber opportunities! So it's an important and growing part of our business and we're delighted to be able to serve our allies in a more robust manner.





FY10 (July '09 – June '10)		2009	2010	Change
RF Comms. (37%)	Sales	\$1.8B	\$2.1B	17.4%
	Income	\$0.6B	\$0.7B	23.8%
	Margin	32.5%	34.2%	1.76 pts
Gov't Comms. (55%)	Sales	\$2.7B	\$2.7B	-0.8%
	Income	\$0.3B	\$0.3B	11.3%
	Margin	11.2%	12.5%	1.36 pts
Broadcast Comms. (9%)	Sales	\$0.6B	\$0.5B	-16.7%
	Income	-\$0.2B	-\$0.03B	87.1%
	Margin	N/A	N/A	N/A

FY11 (July '10 – June '11)		2010	2011	Change
RF Comms. (38%)	Sales	\$2.1B	\$2.3B	10.7%
	Income	\$0.7B	\$0.8B	11.3%
	Margin	34.2%	34.4%	0.20 pts
Gov't Comms. (30%)	Sales	\$1.7B	\$1.8B	1.7%
	Income	\$0.2B	\$0.2B	-0.2%
	Margin	13.0%	12.8%	-0.20 pts
Integrated Network Sol'ns (33%)	Sales	\$1.5B	\$2.0B	33.7%
	Income	\$0.09B	\$0.07B	-17.7%
	Margin	5.7%	3.5%	-2.20 pts

Problem: Operating Losses

Solution: Realignment!





SO WHAT?





Richter & Company

Expanded slide deck available online at:
<http://richterandcompany.com/?p=1411>

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