

ModernGraham Valuation

Company Name:

Akorn, Inc.

Company Ticker AKRX

Date of Analysis

8/12/2015



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	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	Pass
3. Earnings Stability	Positive EPS for 10 years prior	Fail
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	Fail
5. Earnings Growth		Fail
6. Moderate PEmg Ratio	PEmg < 20	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	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	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	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	Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	0.85
MG Growth Estimate	15.00%
MG Value	\$32.73
MG Value based on 3% Growth	\$12.33
MG Value based on 0% Growth	\$7.23
Market Implied Growth Rate	21.54%

MG Opinion

Current Price	\$43.85
% of Intrinsic Value	134.00%
Opinion	Overvalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$7.50
PEmg	51.59
Current Ratio	3.68
PB Ratio	15.51
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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	\$1.80	Next Fiscal Year Estimate	\$0.85
Dec14	\$0.33	Dec14	\$0.37
Dec13	\$0.46	Dec13	\$0.33
Dec12	\$0.32	Dec12	\$0.22
Dec11	\$0.41	Dec11	\$0.11
Dec10	\$0.22	Dec10	-\$0.05
Dec09	-\$0.28	Dec09	-\$0.21
Dec08	-\$0.09	Dec08	-\$0.29
Dec07	-\$0.22	Dec07	-\$0.48
Dec06	-\$0.09	Dec06	-\$0.65
Dec05	-\$0.49	Dec05	-\$0.91
Dec04	-\$1.80	Dec04	-\$1.01
Dec03	-\$0.62	Dec03	-\$0.53
Dec02	-\$0.66	Dec02	-\$0.39
Dec01	-\$0.78	Dec01	-\$0.18
Dec00	-\$0.13	Dec00	\$0.12
Dec99	\$0.36	Dec99	#VALUE!
Dec98	\$0.25	Balance Sheet Information Dec14	
Dec97	\$0.11	Total Current Assets	\$494,329,000
Jun96	\$0.05	Total Current Liabilities	\$134,165,000
Jun95	-	Long-Term Debt	\$1,117,017,000
		Total Assets	\$1,906,901,000
		Intangible Assets	\$1,242,133,000
		Total Liabilities	\$1,520,150,000
		Outstanding Shares	136,835,000



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.