

# ModernGraham Valuation

Company Name:

Mallinckrodt PLC

Company Ticker MNK

Date of Analysis

8/28/2016



## 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	\$8,035,560,137	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.68	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	14833.33%	Pass
6. Moderate PEmg Ratio	PEmg < 20	33.19	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.57	Pass

*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	1.68	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	9.56	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Fail
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$2.26
MG Growth Estimate	7.99%
<b>MG Value</b>	<b>\$55.27</b>
MG Value based on 3% Growth	\$32.73
MG Value based on 0% Growth	\$19.19
Market Implied Growth Rate	12.34%

### MG Opinion

Current Price	\$74.92
% of Intrinsic Value	135.55%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>C-</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$82.25
Graham Number	\$85.08
PEmg	33.19
Current Ratio	1.68
PB Ratio	1.57
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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[Google Finance](#) [MSN Money](#)  
[Yahoo Finance](#) [Seeking Alpha](#)  
[GuruFocus](#) [SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$6.65	Next Fiscal Year Estimate	\$2.26
Sep2015	\$2.75	Sep2015	\$0.29
Sep2014	-\$4.92	Sep2014	-\$0.55
Sep2013	\$1.02	Sep2013	\$1.48
Sep2012	\$2.33	Sep2012	\$1.47
Sep2011	\$2.61	Sep2011	\$0.87
Dec2010	\$0.00	Dec2010	\$0.00
Dec2009	\$0.00	Dec2009	\$0.00
Dec2008	\$0.00	Dec2008	\$0.00
Dec2007	\$0.00	Dec2007	\$0.00
Dec2006	\$0.00	Dec2006	\$0.00
Dec2005	\$0.00	Dec2005	\$0.00
Dec2004	\$0.00	Dec2004	\$0.00
Dec2003	\$0.00	Dec2003	\$0.00
Dec2002	\$0.00	Dec2002	\$0.00
Dec2001	\$0.00	Dec2001	\$0.00
Dec2000	\$0.00	Dec2000	\$0.00
Dec1999	\$0.00	<b>Balance Sheet Information</b>	
Dec1998	\$0.00	<b>6/1/2016</b>	
Dec1997	\$0.00	Total Current Assets	\$1,626,300,000
Dec1996	\$0.00	Total Current Liabilities	\$969,500,000
		Long-Term Debt	\$6,279,000,000
		Total Assets	\$15,833,200,000
		Intangible Assets	\$12,904,000,000
		Total Liabilities	\$10,624,400,000
		Shares Outstanding (Diluted Average)	109,400,000





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

- [5 Speculative and Overvalued Companies to Avoid – July 2015](#)
- [Mallinckrodt PLC Analysis – Initial Coverage \\$MNK](#)

Other ModernGraham posts about related companies

- [Vertex Pharmaceuticals Inc Valuation – August 2016 \\$VRTX](#)
- [Amgen Inc Valuation – August 2016 \\$AMGN](#)
- [Pfizer Inc Valuation – August 2016 \\$PFE](#)
- [Abbott Laboratories Valuation – August 2016 \\$ABT](#)
- [Johnson & Johnson Valuation – August 2016 \\$JNJ](#)
- [Regeneron Pharmaceuticals Inc Valuation – August 2016 \\$REGN](#)
- [AmerisourceBergen Corp Valuation – July 2016 \\$ABC](#)
- [Perrigo Co PLC Valuation – July 2016 \\$PRGO](#)
- [AbbVie Inc Valuation – July 2016 \\$ABBV](#)
- [Gilead Sciences Inc Valuation – July 2016 \\$GILD](#)