

ModernGraham Valuation

Company Name:

Akorn, Inc.

Company Ticker AKRX

Date of Analysis

12/16/2016



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	\$2,648,894,012	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	4.14	Pass
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	-628.81%	Fail
6. Moderate PEmg Ratio	PEmg < 20	20.64	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.30	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	4.14	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.65	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	\$1.02
MG Growth Estimate	15.00%
MG Value	\$39.42
MG Value based on 3% Growth	\$14.85
MG Value based on 0% Growth	\$8.70
Market Implied Growth Rate	6.07%

MG Opinion

Current Price	\$21.14
% of Intrinsic Value	53.62%
Opinion	Undervalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$4.01
Graham Number	\$16.05
PEmg	20.64
Current Ratio	4.14
PB Ratio	3.30
Current Dividend	\$0.00
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	\$1.77	Next Fiscal Year Estimate	\$1.02
Dec2015	\$1.22	Dec2015	\$0.60
Dec2014	\$0.13	Dec2014	\$0.30
Dec2013	\$0.46	Dec2013	\$0.33
Dec2012	\$0.32	Dec2012	\$0.22
Dec2011	\$0.41	Dec2011	\$0.11
Dec2010	\$0.22	Dec2010	-\$0.05
Dec2009	-\$0.28	Dec2009	-\$0.21
Dec2008	-\$0.09	Dec2008	-\$0.29
Dec2007	-\$0.22	Dec2007	-\$0.48
Dec2006	-\$0.09	Dec2006	-\$0.65
Dec2005	-\$0.49	Dec2005	-\$0.91
Dec2004	-\$1.80	Dec2004	-\$1.01
Dec2003	-\$0.62	Dec2003	-\$0.53
Dec2002	-\$0.66	Dec2002	-\$0.39
Dec2001	-\$0.78	Dec2001	-\$0.18
Dec2000	-\$0.13	Dec2000	\$0.12
Dec1999	\$0.36	Balance Sheet Information 9/1/2016	
Dec1998	\$0.25	Total Current Assets	\$644,197,000
Dec1997	\$0.11	Total Current Liabilities	\$155,494,000
Jun1996	\$0.05	Long-Term Debt	\$808,675,000
		Total Assets	\$1,960,911,000
		Intangible Assets	\$1,094,655,000
		Total Liabilities	\$1,150,915,000
		Shares Outstanding (Diluted Average)	126,334,000





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 [Akorn Inc. Analysis – Initial Coverage \\$AKRX](#)

Other ModernGraham posts about related companies

- [Regeneron Pharmaceuticals Inc Valuation – November 2016 \\$REGN](#)
- [Merck & Co Inc Valuation – August 2016 \\$MRK](#)
- [Mallinckrodt PLC Valuation – August 2016 \\$MNK](#)
- [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](#)