

ModernGraham Valuation

Company Name:

Innospec Inc.

Company Ticker IOSP

Date of Analysis

12/20/2016



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	\$1,659,856,456	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.01	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
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	487.24%	Pass
6. Moderate PEmg Ratio	PEmg < 20	19.15	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.65	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	3.01	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.45	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.68
MG Growth Estimate	11.14%
MG Value	\$113.19
MG Value based on 3% Growth	\$53.34
MG Value based on 0% Growth	\$31.27
Market Implied Growth Rate	5.33%

MG Opinion

Current Price	\$70.45
% of Intrinsic Value	62.24%
Opinion	Undervalued
MG Grade	B-

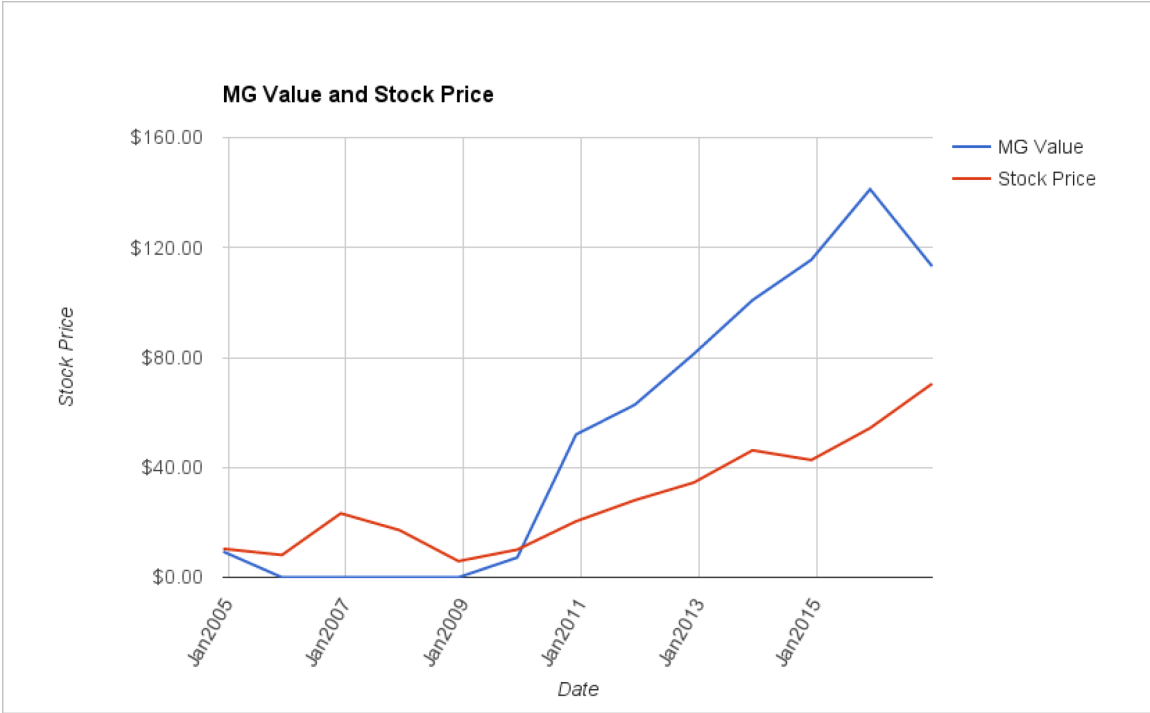
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$3.59
Graham Number	\$44.72
PEmg	19.15
Current Ratio	3.01
PB Ratio	2.65
Current Dividend	\$0.64
Dividend Yield	0.91%
Number of Consecutive Years of Dividend Growth	4

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	\$3.27	Next Fiscal Year Estimate	\$3.68
Dec2015	\$4.86	Dec2015	\$3.67
Dec2014	\$3.38	Dec2014	\$3.00
Dec2013	\$3.22	Dec2013	\$2.62
Dec2012	\$2.81	Dec2012	\$2.11
Dec2011	\$1.92	Dec2011	\$1.63
Dec2010	\$2.97	Dec2010	\$1.35
Dec2009	\$0.26	Dec2009	\$0.19
Dec2008	\$0.51	Dec2008	-\$0.07
Dec2007	\$1.19	Dec2007	-\$0.31
Dec2006	\$0.45	Dec2006	-\$0.72
Dec2005	-\$5.00	Dec2005	-\$0.90
Dec2004	\$0.24	Dec2004	\$1.12
Dec2003	\$2.06	Dec2003	\$1.48
Dec2002	\$2.08	Dec2002	\$1.26
Dec2001	\$0.23	Dec2001	\$0.89
Dec2000	\$0.71	Dec2000	\$1.13
Dec1999	\$1.53	Balance Sheet Information 9/1/2016	
Dec1998	\$2.43	Total Current Assets	\$479,200,000
Dec1997	\$0.00	Total Current Liabilities	\$159,000,000
Dec1996	\$0.00	Long-Term Debt	\$143,000,000
		Total Assets	\$1,043,300,000
		Intangible Assets	\$417,900,000
		Total Liabilities	\$391,400,000
		Shares Outstanding (Diluted Average)	24,476,000





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 #N/A

- Other ModernGraham posts about related companies
- [Albemarle Corporation Valuation – August 2016 \\$ALB](#)
 - [Air Products & Chemicals Inc Valuation – August 2016 \\$APD](#)
 - [Ashland Inc Valuation – July 2016 \\$ASH](#)
 - [FMC Corporation Valuation – July 2016 \\$FMC](#)
 - [Eastman Chemical Company Valuation – July 2016 \\$EMN](#)
 - [Dow Chemical Co Valuation – July 2016 \\$DOW](#)
 - [Olin Corporation Valuation – June 2016 \\$OLN](#)
 - [LyondellBasell Industries Valuation – June 2016 \\$LYB](#)
 - [Praxair Inc Valuation – June 2016 \\$PX](#)
 - [Albemarle Corp Valuation – February 2016 \\$ALB](#)