

# ModernGraham Valuation

Company Name:

KLX Inc

Company Ticker KLXI

Date of Analysis

2/12/2017



## 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	\$2,676,977,126	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	7.44	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	-16066.67%	Fail
6. Moderate PEmg Ratio	PEmg < 20	-53.71	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.18	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	7.44	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.69	Pass
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		Fail
	Score		

### Suitability

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

## Stage 2: Determination of Intrinsic Value

EPSmg	-\$0.94
MG Growth Estimate	-4.25%
<b>MG Value</b>	<b>\$9.53</b>
MG Value based on 3% Growth	-\$13.69
MG Value based on 0% Growth	-\$8.02
Market Implied Growth Rate	-31.10%

### MG Opinion

Current Price	\$50.70
% of Intrinsic Value	532.07%
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>D</b>

## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$9.53
Graham Number	\$29.70
PEmg	-53.71
Current Ratio	7.44
PB Ratio	1.18
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$0.92	Next Fiscal Year Estimate	-\$0.94
Jan2016	-\$7.39	Jan2016	-\$1.44
Dec2014	\$1.68	Dec2014	\$1.33
Dec2013	\$2.88	Dec2013	\$0.96
Dec2012	\$0.00	Dec2012	\$0.00
Dec2011	\$0.00	Dec2011	\$0.00
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 10/1/2016</b>	
Dec1998	\$0.00	Total Current Assets	\$1,988,500,000
Dec1997	\$0.00	Total Current Liabilities	\$267,300,000
Dec1996	\$0.00	Long-Term Debt	\$1,181,300,000
		Total Assets	\$3,728,600,000
		Intangible Assets	\$1,313,600,000
		Total Liabilities	\$1,491,100,000
		Shares Outstanding (Diluted Average)	52,200,000





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

- [AGCO Corporation Valuation – February 2017 \\$AGCO](#)
- [PACCAR Inc Valuation – February 2017 \\$PCAR](#)
- [Kaman Corporation Valuation – Initial Coverage \\$KAMN](#)
- [John Bean Technologies Corp Valuation – Initial Coverage \\$JBT](#)
- [W. W. Grainger Inc Valuation – January 2017 \\$GWW](#)
- [Allegion PLC Valuation – January 2017 \\$ALLE](#)
- [Xylem Inc Valuation – January 2017 \\$XYL](#)
- [Clarcor Inc Valuation – Initial Coverage \\$CLC](#)
- [Caterpillar Inc Valuation – August 2016 \\$CAT](#)
- [Regal Beloit Corp Valuation – August 2016 \\$RBC](#)