

ModernGraham Valuation

Company Name:

Kennametal Inc.

Company Ticker KMT

Date of Analysis

2/13/2017



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	\$3,151,817,425	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.49	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end		
5. Earnings Growth		-731.48%	Fail
6. Moderate PEmg Ratio	PEmg < 20	-38.01	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.49	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	2.49	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Fail
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Fail
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	-\$1.02
MG Growth Estimate	-4.25%
MG Value	\$0.00
MG Value based on 3% Growth	-\$14.84
MG Value based on 0% Growth	-\$8.70
Market Implied Growth Rate	-23.26%

MG Opinion

Current Price	\$38.90
% of Intrinsic Value	N/A
Opinion	Overvalued
MG Grade	D+

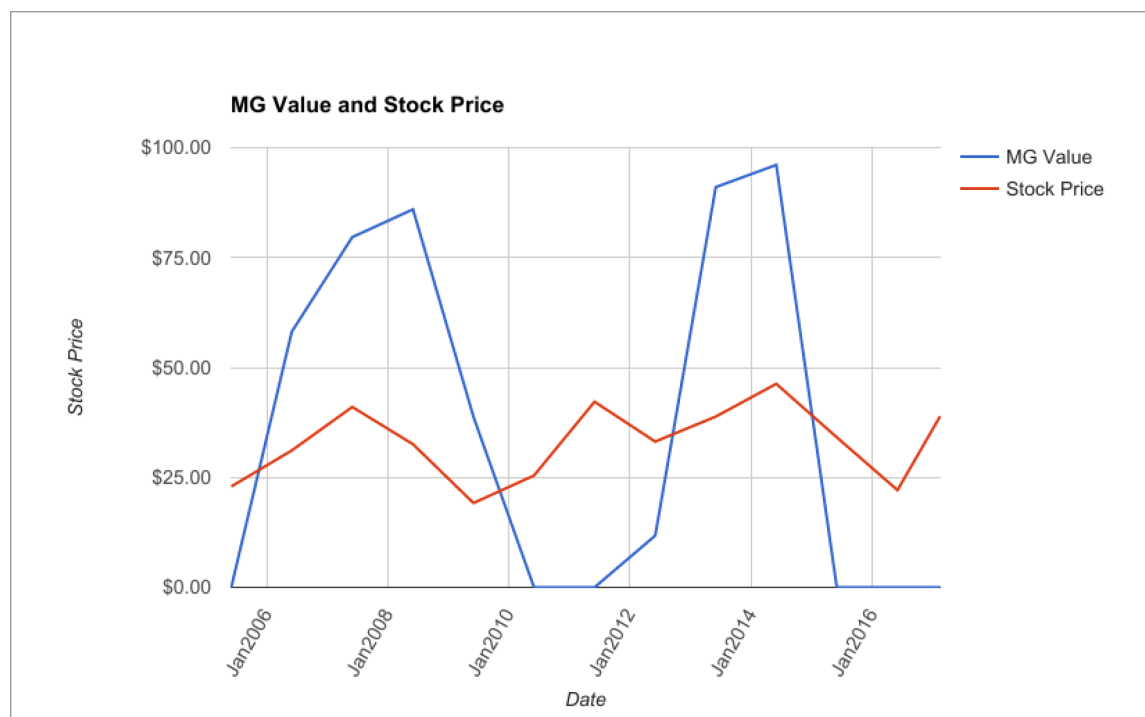
Stage 3: Information for Further Research

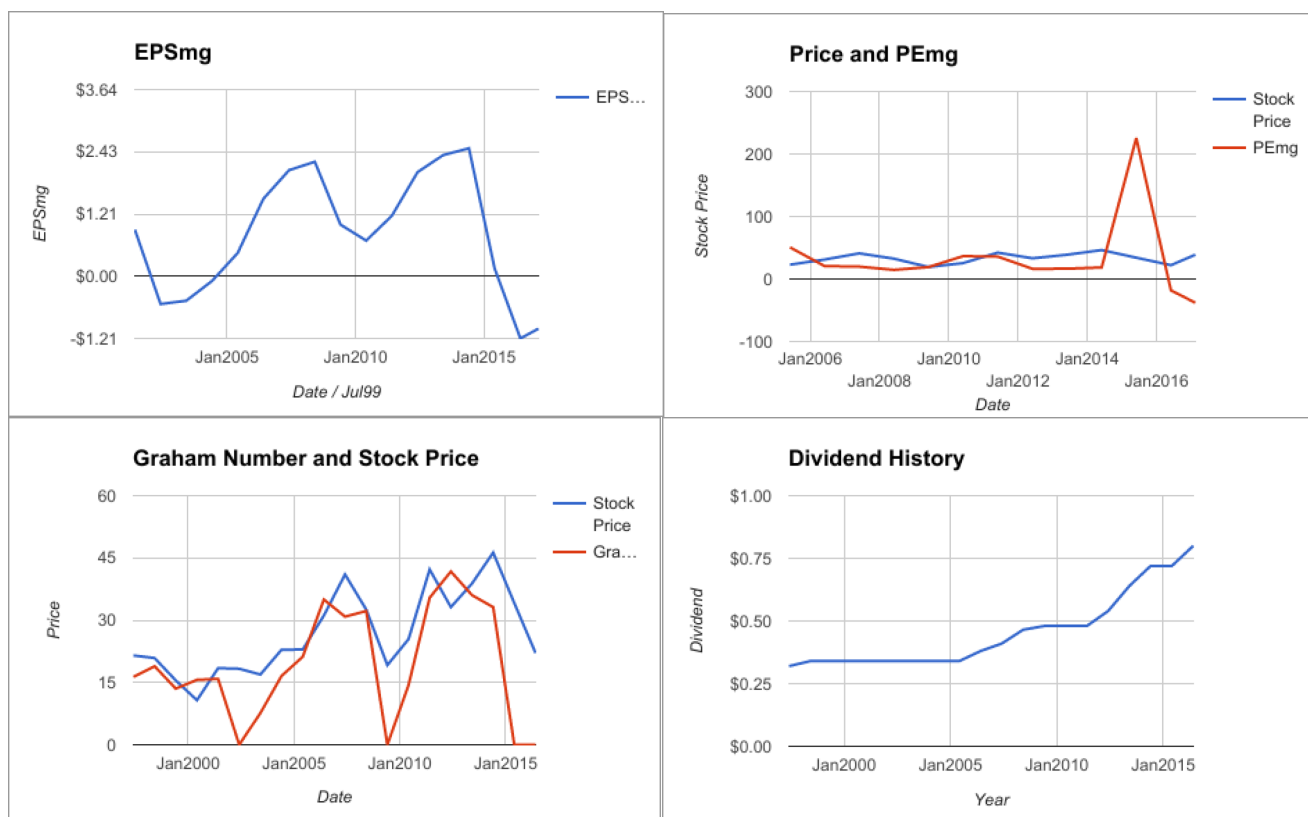
Net Current Asset Value (NCAV)	-\$4.69
Graham Number	\$13.53
PEmg	-38.01
Current Ratio	2.49
PB Ratio	3.49
Current Dividend	\$0.80
Dividend Yield	2.06%
Number of Consecutive Years of Dividend Growth	2

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	\$0.72	Next Fiscal Year Estimate	-\$1.02
Jun2016	-\$2.83	Jun2016	-\$1.21
Jun2015	-\$4.71	Jun2015	\$0.15
Jun2014	\$1.99	Jun2014	\$2.50
Jun2013	\$2.52	Jun2013	\$2.36
Jun2012	\$3.77	Jun2012	\$2.03
Jun2011	\$2.76	Jun2011	\$1.18
Jun2010	\$0.57	Jun2010	\$0.69
Jun2009	-\$1.64	Jun2009	\$1.01
Jun2008	\$2.15	Jun2008	\$2.23
Jun2007	\$2.22	Jun2007	\$2.07
Jun2006	\$3.24	Jun2006	\$1.51
Jun2005	\$1.57	Jun2005	\$0.45
Jun2004	\$1.01	Jun2004	-\$0.09
Jun2003	\$0.26	Jun2003	-\$0.48
Jun2002	-\$3.35	Jun2002	-\$0.54
Jun2001	\$0.87	Jun2001	\$0.91
Jun2000	\$0.85	Balance Sheet Information 12/1/2016	
Jun1999	\$0.66	Total Current Assets	\$971,745,000
Jun1998	\$1.29	Total Current Liabilities	\$390,151,000
Jun1997	\$1.35	Long-Term Debt	\$0
		Total Assets	\$2,254,781,000
		Intangible Assets	\$489,219,000
		Total Liabilities	\$1,351,975,000
		Shares Outstanding (Diluted Average)	81,026,000





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

[SPX Corporation Valuation – Initial Coverage \\$SPXC](#)
[KLX Inc Valuation – Initial Coverage \\$KLXI](#)
[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](#)