ModernGraham Valuation

Company Name: Kindred Healthcare, Inc.

Company Ticker KND

Date of Analysis 2/14/2017

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	$572,672,589	Fail
2.	Sufficiently Strong Financial Condition	Current Ratio > 2	1.61	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	-1393.51%	Fail
6.	Moderate PEmg Ratio	PEmg < 20	-1.92	Fail
7.	Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	0.71	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	1.61	Pass
2.	Sufficiently Strong Financial Condition	Debt to NCA < 1.1	5.33	Fail
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		-$3.55
MG Growth Estimate		-4.25%
MG Value		**$0.00**
MG Value based on 3% Growth		-$51.44
MG Value based on 0% Growth		-$30.15
Market Implied Growth Rate		-5.21%

MG Opinion

Current Price		$6.82
% of Intrinsic Value	N/A	
Opinion	**Overvalued**	
MG Grade	**D+**	

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-$43.22
Graham Number	$0.00
PEmg	-1.92
Current Ratio	1.61
PB Ratio	0.71
Current Dividend	$0.48
Dividend Yield	7.04%
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	
Next Fiscal Year Estimate	-$7.49
Dec2015	-$1.11
Dec2014	-$1.36
Dec2013	-$3.23
Dec2012	-$0.78
Dec2011	-$1.16
Dec2010	$1.43
Dec2009	$1.02
Dec2008	$0.92
Dec2007	-$1.17
Dec2006	$1.92
Dec2005	$3.20
Dec2004	$1.67
Dec2003	-$2.15
Dec2002	$0.97
Dec2001	$8.28
Dec2000	-$0.94
Dec1999	-$5.08
Dec1998	-$4.81
Dec1997	$0.00
Dec1996	$0.00

EPSmg History	
Next Fiscal Year Estimate	-$3.55
Dec2015	-$1.56
Dec2014	-$1.53
Dec2013	-$1.26
Dec2012	-$0.09
Dec2011	$0.24
Dec2010	$0.90
Dec2009	$0.82
Dec2008	$0.92
Dec2007	$0.84
Dec2006	$1.61
Dec2005	$1.76
Dec2004	$1.22
Dec2003	$0.73
Dec2002	$1.35
Dec2001	$0.85
Dec2000	-$2.63

Balance Sheet Information	9/1/2016
Total Current Assets	$1,643,875,000
Total Current Liabilities	$1,021,344,000
Long-Term Debt	$3,316,174,000
Total Assets	$6,227,340,000
Intangible Assets	$3,227,075,000
Total Liabilities	$5,398,349,000
Shares Outstanding (Diluted Average)	86,869,000

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	SurModics Inc Valuation – Initial Coverage $SRDX Agilent Technologies Inc Valuation – February 2017 $A Cooper Companies Inc Valuation – Initial Coverage $COO Edwards Lifesciences Corp Valuation – January 2017 $EW Baxter International Inc Valuation – January 2017 $BAX CONMED Corporation Valuation – Initial Coverage $CNMD Boston Scientific Corp Valuation – January 2017 $BSX Centene Corp Valuation – Initial Coverage $CNC Invacare Corporation Valuation – Initial Coverage $IVC Becton Dickinson and Co Valuation – January 2017 $BDX