ModernGraham Valuation

Company Name:

Company Ticker LCI Date of Analysis

Lannett Company, Inc.



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

3/1/2017

Defensive Investor; must pass 6 out of the following 7 tests.

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1.	Adequate Size of the Enterprise	Market Cap > \$2Bil	\$783,776,729	Fail
2.	Sufficiently Strong Financial Condition	Current Ratio > 2	2.00	Pass
3.	Earnings Stability	Positive EPS for 10 years prior		Fail
4.	Dividend Record	Dividend Payments for 10 years prior		Fail
		Increase of 33% in EPS in past 10		
5.	Earnings Growth	years using 3 year averages at beginning and end	1220.83%	Pass
	Moderate PEmg Ratio	PEmg < 20	12.43	Pass
7.	Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.52	Pass
Enterprising Investor; mus	st pass 4 out of the following 5 tests, or be s	uitable for the Defensive Investor.		
1.	Sufficiently Strong Financial Condition	Current Ratio > 1.5	2.00	Pass
2.	Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.61	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
		Score		
Suitability				
De	efensive	No		
Er	nterprising	No		
Stage 2: Determi	nation of Intrinsic Value			
EF	⊃Smg	\$1.74		
M	G Growth Estimate	15.00%		
M	G Value	\$67.04		
M	G Value based on 3% Growth	\$25.25		

	MG Grade	C-	
	Opinion	Undervalued	
	% of Intrinsic Value		32.29%
	Current Price		\$21.65
MG Opinion			
	Market Implied Growth Rate		1.97%
	MG Value based on 0% Growth		\$14.80
	MG Value based on 3% Growth		\$25.25

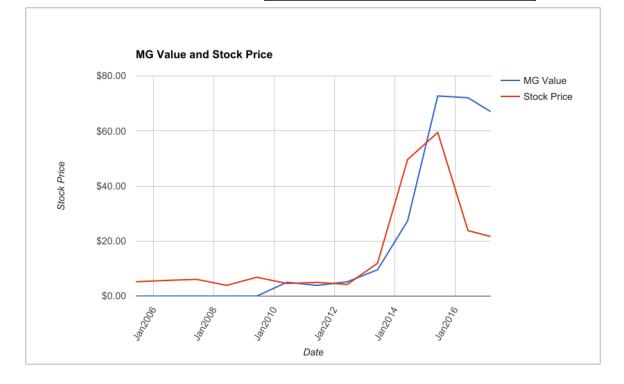
Stage 3: Information for Further Research

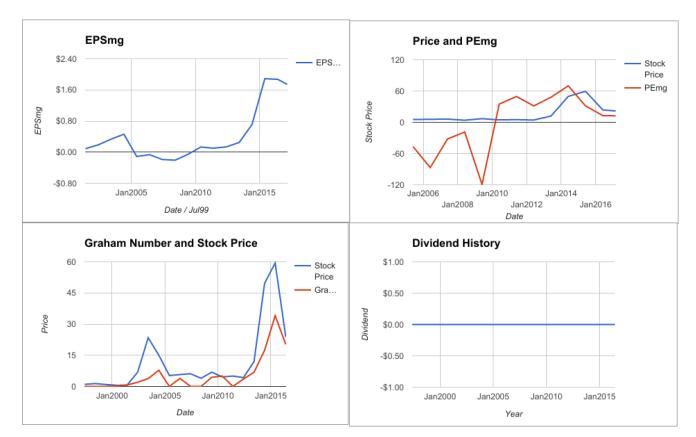
Net Current Asset Value (NCAV)	-\$14.62
Graham Number	\$18.91
PEmg	12.43
Current Ratio	2.00
PB Ratio	1.52
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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Morningstar MSN Money Seeking Alpha SEC Filings

EPS History		EPSmg History	
Next Fiscal Year			
Estimate	•	Next Fiscal Year Estimate	\$1.74
Jun2016	\$1.20	Jun2016	\$1.8
Jun2015	\$4.04	Jun2015	\$1.89
Jun2014	\$1.62	Jun2014	\$0.7
Jun2013	\$0.46	Jun2013	\$0.2
Jun2012	\$0.14	Jun2012	\$0.14
Jun2011	-\$0.01	Jun2011	\$0.1
Jun2010	\$0.31	Jun2010	\$0.1
Jun2009	\$0.27	Jun2009	-\$0.0
Jun2008	-\$0.10	Jun2008	-\$0.2
Jun2007	-\$0.29	Jun2007	-\$0.1
Jun2006	\$0.21	Jun2006	-\$0.0
Jun2005	-\$1.36	Jun2005	-\$0.1
Jun2004	\$0.63	Jun2004	\$0.4
Jun2003	\$0.58	Jun2003	\$0.3
Jun2002	\$0.36	Jun2002	\$0.1
Jun2001	\$0.14	Jun2001	\$0.0
Jun2000	\$0.08	Balance Sheet Information	12/1/201
Jun1999	\$0.07	Total Current Assets	\$665,608,00
Jun1998	\$0.05	Total Current Liabilities	\$332,748,00
Jun1997	\$0.00	Long-Term Debt	\$867,221,00
		Total Assets	\$1,752,922,00
		Intangible Assets	\$809,631,00
		Total Liabilities	\$1,216,272,00
		Shares Outstanding (Diluted Average)	37,676,000





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.

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companies

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