

# ModernGraham Valuation

Company Name:

Depomed Inc

Company Ticker DEPO

Date of Analysis

8/23/2017



## 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	\$372,264,874	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.79	Fail
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 years using 3 year averages at beginning and end	354.41%	Pass
5. Earnings Growth	PEmg < 20	-13.37	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.75	Fail
7. Moderate Price to Assets			

*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	0.79	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-9.55	Fail
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	-\$0.44
MG Growth Estimate	-4.25%
<b>MG Value</b>	<b>\$0.00</b>
MG Value based on 3% Growth	-\$6.41
MG Value based on 0% Growth	-\$3.76
Market Implied Growth Rate	-10.94%

### MG Opinion

Current Price	\$5.91
% of Intrinsic Value	N/A
<b>Opinion</b>	<b>Overvalued</b>
<b>MG Grade</b>	<b>D</b>

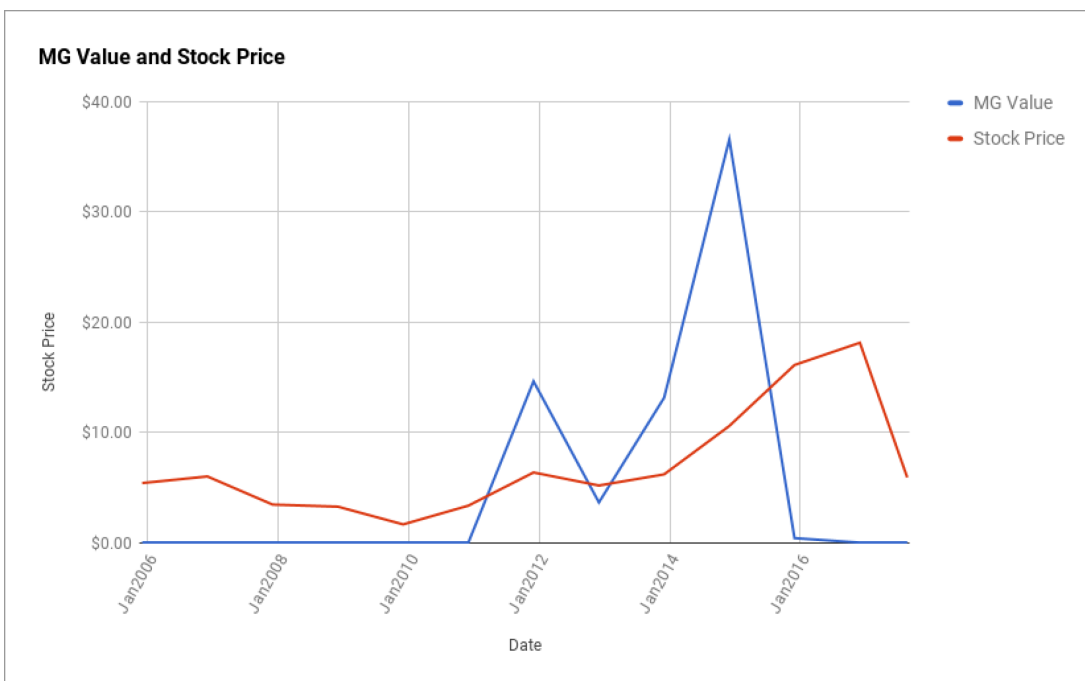
## Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$10.48
Graham Number	\$0.00
PEmg	-13.37
Current Ratio	0.79
PB Ratio	1.75
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		Next Fiscal Year Estimate	
Dec2016	-\$0.38	Dec2016	-\$0.44
Dec2015	-\$1.45	Dec2015	-\$0.34
Dec2014	-\$1.26	Dec2014	\$0.29
Dec2013	\$2.05	Dec2013	\$0.95
Dec2012	\$0.75	Dec2012	\$0.34
Dec2011	-\$0.53	Dec2011	\$0.09
Dec2010	\$1.26	Dec2010	\$0.38
Dec2009	\$0.07	Dec2009	-\$0.08
Dec2008	-\$0.43	Dec2008	-\$0.19
Dec2007	-\$0.32	Dec2007	-\$0.16
Dec2006	\$1.05	Dec2006	-\$0.22
Dec2005	-\$0.97	Dec2005	-\$0.88
Dec2004	-\$0.64	Dec2004	-\$0.91
Dec2003	-\$0.78	Dec2003	-\$1.11
Dec2002	-\$1.23	Dec2002	-\$1.26
Dec2001	-\$0.92	Dec2001	-\$1.21
Dec2000	-\$1.81	Dec2000	-\$1.23
Dec1999	-\$1.43	<b>Balance Sheet Information 6/1/2017</b>	
Dec1998	-\$0.80	Total Current Assets	\$219,043,000
Dec1997	-\$0.44	Total Current Liabilities	\$278,941,000
	-\$0.34	Long-Term Debt	\$572,050,000
		Total Assets	\$1,085,600,000
		Intangible Assets	\$850,679,000
		Total Liabilities	\$874,204,000
		Shares Outstanding (Diluted Average)	62,532,000





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

[Endo International PLC Valuation – July 2017 \\$ENDP](#)  
[Biogen Inc Valuation – July 2017 \\$BIIB](#)  
[Mylan NV Valuation – March 2017 \\$MYL](#)  
[Amgen Inc Valuation – March 2017 \\$AMGN](#)  
[Celgene Corporation Valuation – March 2017 \\$CELG](#)  
[Ligand Pharmaceuticals Inc Valuation – Initial Coverage \\$LGND](#)  
[Pfizer Inc Valuation – March 2017 \\$PFE](#)  
[Supernus Pharmaceuticals Inc Valuation – Initial Coverage \\$SUPN](#)  
[Lannett Company Inc Valuation – Initial Coverage \\$LCI](#)  
[Spectrum Pharmaceuticals Inc Valuation – Initial Coverage \\$SPPI](#)