

ModernGraham Valuation

Company Name:

Kraton Corp

Company Ticker KRA

Date of Analysis

3/7/2018



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	\$1,433,048,951	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.08	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 years using 3 year averages at beginning and end	67.80%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	17.74	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.27	Pass

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	2.08	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	4.15	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		Pass
	Score		

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.58
MG Growth Estimate	15.00%
MG Value	\$99.36
MG Value based on 3% Growth	\$37.42
MG Value based on 0% Growth	\$21.94
Market Implied Growth Rate	4.62%

MG Opinion

Current Price	\$45.79
% of Intrinsic Value	46.09%
Opinion	Undervalued
MG Grade	C-

Stage 3: Information for Further Research

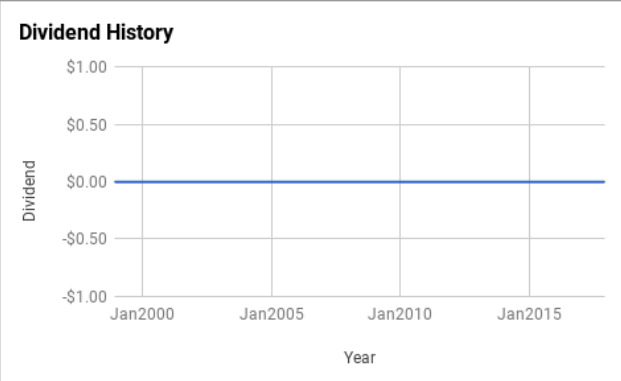
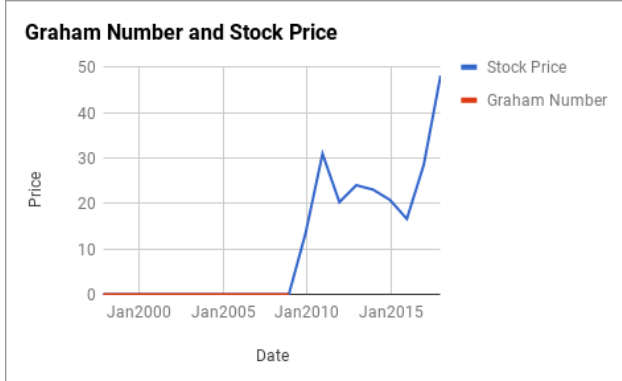
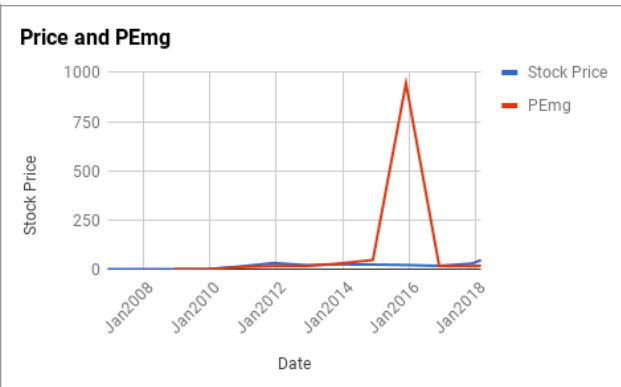
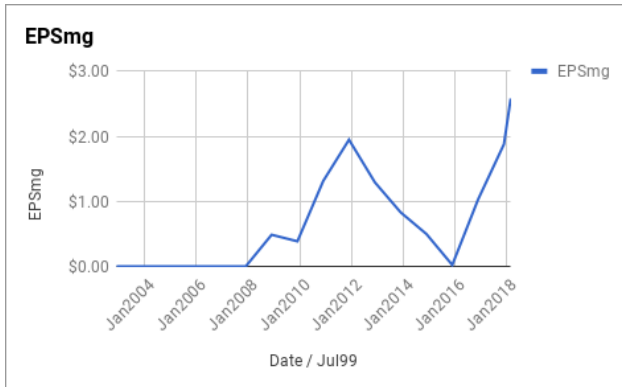
Net Current Asset Value (NCAV)	-\$49.66
Graham Number	\$38.96
PEmg	17.74
Current Ratio	2.08
PB Ratio	2.27
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$3.35	Next Fiscal Year Estimate	\$2.58
Dec2017	\$3.07	Dec2017	\$1.88
Dec2016	\$3.43	Dec2016	\$1.03
Dec2015	-\$0.34	Dec2015	\$0.02
Dec2014	\$0.07	Dec2014	\$0.50
Dec2013	-\$0.02	Dec2013	\$0.83
Dec2012	-\$0.50	Dec2012	\$1.29
Dec2011	\$2.81	Dec2011	\$1.95
Dec2010	\$3.07	Dec2010	\$1.31
Dec2009	-\$0.01	Dec2009	\$0.39
Dec2008	\$1.46	Dec2008	\$0.49
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	Balance Sheet Information 12/1/2017	
Dec2000	\$0.00	Total Current Assets	\$729,752,000
Dec1999	\$0.00	Total Current Liabilities	\$350,712,000
Dec1998	\$0.00	Long-Term Debt	\$1,574,881,000
		Total Assets	\$2,932,527,000
		Intangible Assets	\$1,181,182,000
		Total Liabilities	\$2,296,046,000
		Shares Outstanding (Diluted Average)	31,542,000





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 [Kraton Corp Valuation – Initial Coverage \\$KRA](#)

Other ModernGraham posts about related companies [Praxair Inc Valuation – March 2018 \\$PX](#)
[Ingevity Corp Valuation – March 2018 \\$NGVT](#)
[PolyOne Corp Valuation – March 2018 \\$POL](#)
[Green Plains Inc Valuation – March 2018 \\$GPRE](#)
[Eastman Chemical Co Valuation – March 2018 \\$EMN](#)
[LyondellBasell Industries NV Valuation – March 2018 \\$LYB](#)
[DowDuPont Inc Valuation – February 2018 \\$DWDP](#)
[Green Plains Inc Valuation – Initial Coverage \\$GPRE](#)
[PolyOne Corp Valuation – Initial Coverage \\$POL](#)
[Ingevity Corp Valuation – Initial Coverage \\$NGVT](#)