

ModernGraham Valuation

Company Name:

Akorn, Inc.

Company Ticker AKRX

Date of Analysis

7/26/2018



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	\$2,140,267,723	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	4.64	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	308.57%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	37.82	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.72	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	4.64	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.48	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 Score		Pass

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$0.47
MG Growth Estimate	8.32%
MG Value	\$11.70
MG Value based on 3% Growth	\$6.75
MG Value based on 0% Growth	\$3.96
Market Implied Growth Rate	14.66%

MG Opinion

Current Price	\$17.60
% of Intrinsic Value	150.47%
Opinion	Overvalued
MG Grade	D

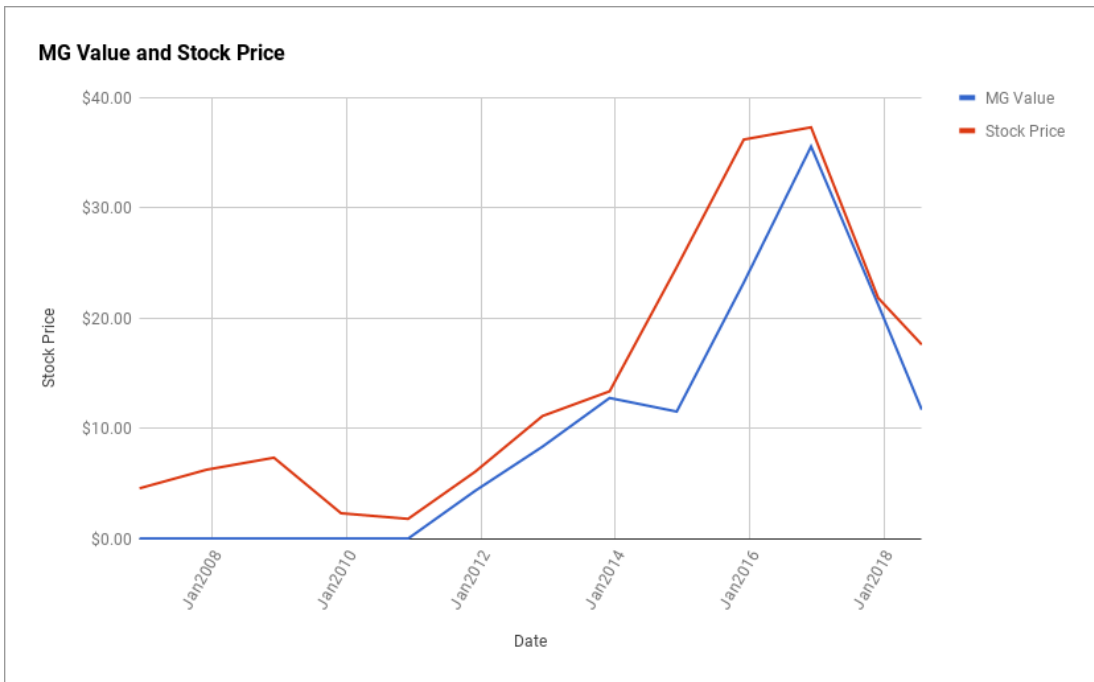
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$2.78
Graham Number	\$4.89
PEmg	37.82
Current Ratio	4.64
PB Ratio	2.72
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	\$0.16	Next Fiscal Year Estimate	\$0.47
Dec2017	-\$0.20	Dec2017	\$0.62
Dec2016	\$1.47	Dec2016	\$0.92
Dec2015	\$1.22	Dec2015	\$0.60
Dec2014	\$0.13	Dec2014	\$0.30
Dec2013	\$0.46	Dec2013	\$0.33
Dec2012	\$0.32	Dec2012	\$0.22
Dec2011	\$0.41	Dec2011	\$0.11
Dec2010	\$0.22	Dec2010	-\$0.05
Dec2009	-\$0.28	Dec2009	-\$0.21
Dec2008	-\$0.09	Dec2008	-\$0.29
Dec2007	-\$0.22	Dec2007	-\$0.48
Dec2006	-\$0.09	Dec2006	-\$0.65
Dec2005	-\$0.49	Dec2005	-\$0.91
Dec2004	-\$1.80	Dec2004	-\$1.01
Dec2003	-\$0.62	Dec2003	-\$0.53
Dec2002	-\$0.66	Dec2002	-\$0.39
Dec2001	-\$0.78	Balance Sheet Information	
Dec2000	-\$0.13	3/1/2018	
Dec1999	\$0.36	Total Current Assets	\$705,016,000
Dec1998	\$0.25	Total Current Liabilities	\$151,931,000
		Long-Term Debt	\$816,499,000
		Total Assets	\$1,863,472,000
		Intangible Assets	\$822,458,000
		Total Liabilities	\$1,052,956,000
		Shares Outstanding (Diluted Average)	125,240,000





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

- [Akorn Inc Valuation – December 2016 \\$AKRX](#)
- [Akorn Inc. Analysis – Initial Coverage \\$AKRX](#)

Other ModernGraham posts about related companies

- [Mallinckrodt PLC Valuation – July 2018 \\$MNK](#)
- [Bristol-Myers Squibb Company Valuation – June 2018 \\$BMY](#)
- [Biogen Inc Valuation – June 2018 \\$BIIB](#)
- [Mylan NV Valuation – June 2018 \\$MYL](#)
- [Amgen Inc Valuation – June 2018 \\$AMGN](#)
- [Celgene Corp Valuation – June 2018 \\$CELG](#)
- [Allergan PLC Valuation – May 2018 \\$AGN](#)
- [Incyte Corp Valuation – April 2018 \\$INCY](#)
- [Regeneron Pharmaceuticals Inc Valuation – April 2018 \\$REGN](#)
- [Alexion Pharmaceuticals Inc Valuation – April 2018 \\$ALXN](#)