

ModernGraham Valuation

Company Name:

Company Ticker KALU

Date of Analysis

Kaiser Aluminum Corp.

8/4/2018



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	\$1,837,890,816	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	3.63	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Fail
4. Dividend Record	Dividend Payments for 10 years prior		Pass
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	146.51%	Pass
5. Earnings Growth	PEmg < 20	54.38	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	2.46	Pass
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	3.63	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.72	Pass
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 Score		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	\$2.04
MG Growth Estimate	-4.25%
MG Value	\$2.48
MG Value based on 3% Growth	\$29.56
MG Value based on 0% Growth	\$17.33
Market Implied Growth Rate	22.94%

MG Opinion

Current Price	\$110.87
% of Intrinsic Value	4462.52%
Opinion	Overvalued
MG Grade	F

Stage 3: Information for Further Research

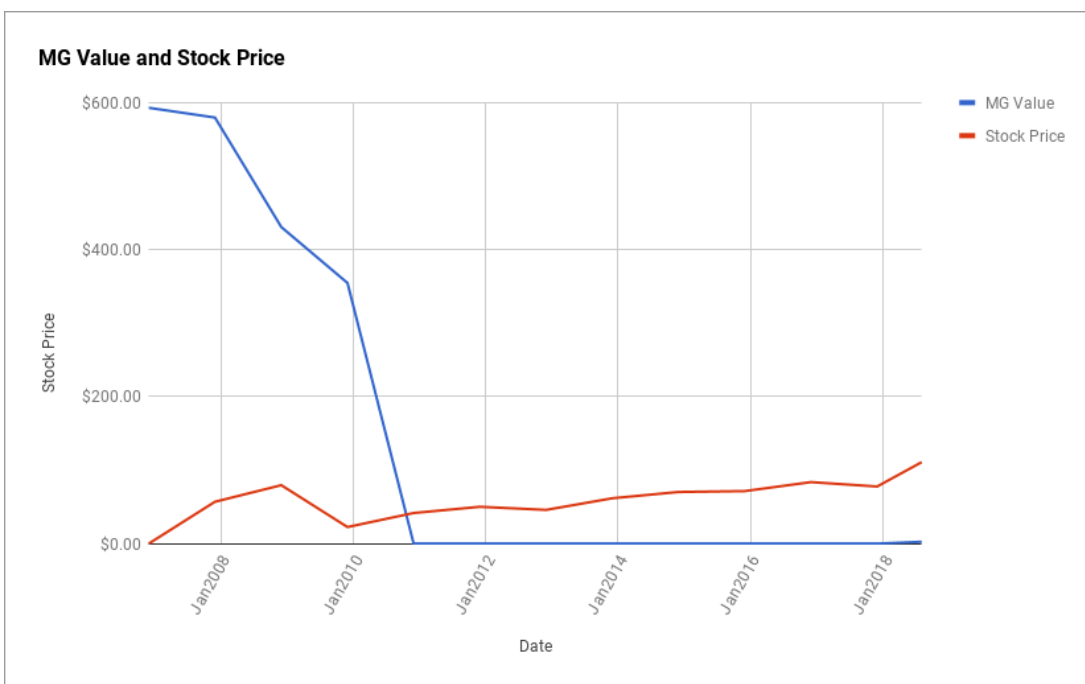
Net Current Asset Value (NCAV)	\$2.48
Graham Number	\$75.48
PEmg	54.38
Current Ratio	3.63
PB Ratio	2.46
Current Dividend	\$2.00
Dividend Yield	1.80%
Number of Consecutive Years of Dividend Growth	6

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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Dec2017	\$5.69	Dec2017	\$2.04
Dec2016	\$2.63	Dec2016	\$0.36
Dec2015	\$5.09	Dec2016	-\$0.18
Dec2015	-\$13.76	Dec2015	-\$1.79
Dec2014	\$3.86	Dec2014	\$3.84
Dec2013	\$5.44	Dec2013	\$3.58
Dec2012	\$4.45	Dec2012	\$2.20
Dec2011	\$1.32	Dec2011	\$1.18
Dec2010	\$0.61	Dec2010	\$5.41
Dec2009	\$3.51	Dec2009	\$9.21
Dec2008	-\$3.45	Dec2008	\$11.19
Dec2007	\$4.97	Dec2007	\$15.06
Dec2006	\$64.49	Dec2006	\$15.40
Dec2005	-\$9.46	Dec2005	-\$8.77
Dec2004	-\$9.36	Dec2004	-\$7.66
Dec2003	-\$9.83	Dec2003	-\$5.99
Dec2002	-\$5.82	Dec2002	-\$3.52
Dec2001	-\$5.73	Balance Sheet Information 6/1/2018	
Dec2000	\$0.21	Total Current Assets	\$704,800,000
Dec1999	-\$0.68	Total Current Liabilities	\$194,100,000
Dec1998	\$0.01	Long-Term Debt	\$370,000,000
		Total Assets	\$1,423,800,000
		Intangible Assets	\$43,100,000
		Total Liabilities	\$662,800,000
		Shares Outstanding (Diluted Average)	16,905,000





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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