

# ModernGraham Valuation

Company Name:

KBR, Inc.

Company Ticker KBR

Date of Analysis

8/5/2018



## 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	\$2,812,565,612	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	1.28	Fail
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	-35.75%	Fail
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	20.71	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	1.75	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	1.28	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.91	Fail
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		Pass

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$0.97
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$37.19</b>
MG Value based on 3% Growth	\$14.01
MG Value based on 0% Growth	\$8.21
Market Implied Growth Rate	6.11%

### MG Opinion

Current Price	\$20.01
% of Intrinsic Value	53.80%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>C-</b>

## Stage 3: Information for Further Research

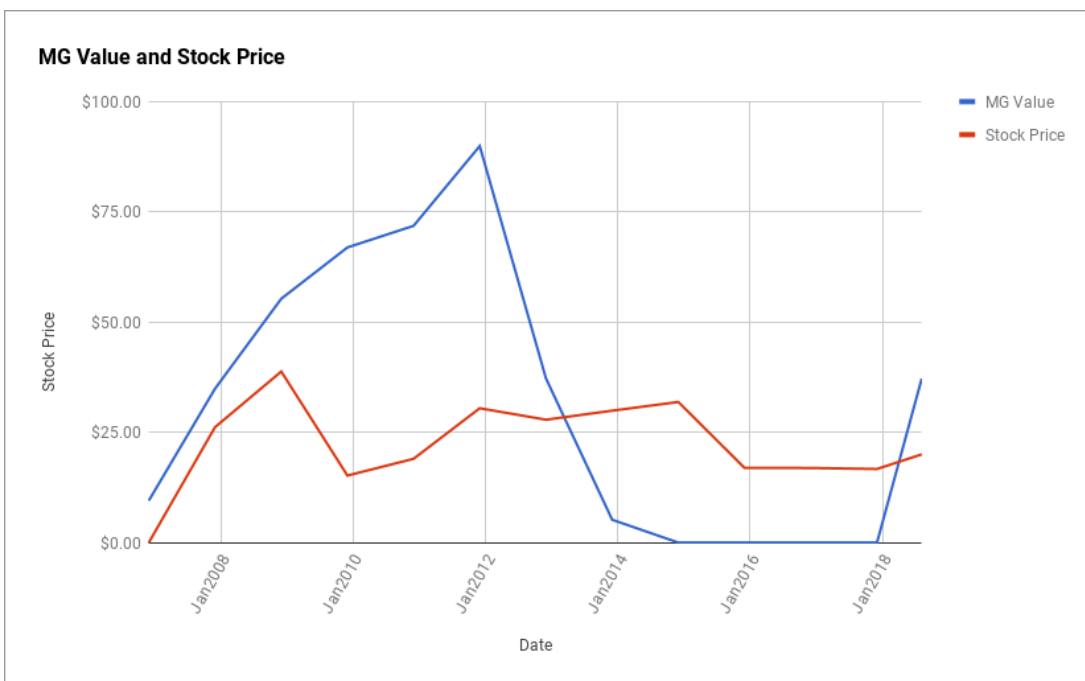
Net Current Asset Value (NCAV)	-\$10.19
Graham Number	\$19.26
PEmg	20.71
Current Ratio	1.28
PB Ratio	1.75
Current Dividend	\$0.32
Dividend Yield	1.60%
Number of Consecutive Years of Dividend Growth	0

### Useful Links:

[ModernGraham tagged articles](#)  
[Google Finance](#)  
[Yahoo Finance](#)  
[GuruFocus](#)

[Morningstar](#)  
[MSN Money](#)  
[Seeking Alpha](#)  
[SEC Filings](#)

EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Dec2017	\$1.88	Dec2017	\$0.97
Dec2016	\$3.06	Dec2016	\$0.06
Dec2015	-\$0.43	Dec2015	-\$1.37
Dec2014	\$1.40	Dec2014	-\$1.40
Dec2013	-\$8.66	Dec2013	-\$2.00
Dec2012	\$0.50	Dec2012	\$1.45
Dec2011	\$0.97	Dec2011	\$1.95
Dec2010	\$3.16	Dec2010	\$2.34
Dec2009	\$2.07	Dec2009	\$1.87
Dec2008	\$1.79	Dec2008	\$1.74
Dec2007	\$1.90	Dec2007	\$1.44
Dec2006	\$1.79	Dec2006	\$0.91
Dec2005	\$1.20	Dec2005	\$0.25
Dec2004	\$1.76	Dec2004	-\$0.29
Dec2003	-\$2.23	Dec2003	-\$1.14
Dec2002	-\$0.98	Dec2002	-\$0.51
Dec2001	-\$0.68	Dec2001	-\$0.23
Dec2000	\$0.00	<b>Balance Sheet Information</b>	
Dec1999	\$0.00	<b>6/1/2018</b>	
Dec1998	\$0.00	Total Current Assets	
		\$1,663,000,000	
		Total Current Liabilities	
		\$1,297,000,000	
		Long-Term Debt	
		\$1,065,000,000	
		Total Assets	
		\$4,710,000,000	
		Intangible Assets	
		\$1,815,000,000	
		Total Liabilities	
		\$3,100,000,000	
		Shares Outstanding (Diluted Average)	
		141,000,000	





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

[KBR Inc. Valuation – Initial Coverage \\$KBR](#)

Other  
ModernGraham  
posts about related  
companies

[Stella-Jones Inc Valuation – July 2018 \\$TSE-SJ](#)  
[Aecon Group Inc Valuation – July 2018 \\$TSE:ARE](#)  
[Aecom Valuation – July 2018 \\$ACM](#)  
[Lowe's Companies Inc Valuation – June 2018 \\$LOW](#)  
[Acuity Brands Inc Valuation – June 2018 \\$AYI](#)  
[Quanta Services Inc Valuation – May 2018 \\$PWR](#)  
[Mohawk Industries Inc Valuation – May 2018 \\$MHK](#)  
[Jacobs Engineering Group Inc Valuation – May 2018 \\$JEC](#)  
[Masco Corp Valuation – May 2018 \\$MAS](#)  
[D.R. Horton Inc Valuation – May 2018 \\$DHI](#)