

ModernGraham Valuation

Company Name:

Knowles Corp

Company Ticker

KN

Date of Analysis

8/11/2018



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	\$1,562,376,527	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.56	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	2923.33%	Pass
5. Earnings Growth	PEmg < 20	-128.02	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	1.41	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	2.56	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.88	Pass
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		Fail

Suitability

Defensive	No
Enterprising	No

Stage 2: Determination of Intrinsic Value

EPSmg	-\$0.14
MG Growth Estimate	-4.25%
MG Value	\$0.00
MG Value based on 3% Growth	-\$2.01
MG Value based on 0% Growth	-\$1.18
Market Implied Growth Rate	-68.26%

MG Opinion

Current Price	\$17.71
% of Intrinsic Value	N/A
Opinion	Overvalued
MG Grade	D

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$0.50
Graham Number	\$13.36
PEmg	-128.02
Current Ratio	2.56
PB Ratio	1.41
Current Dividend	\$0.00
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

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EPS History		EPSmg History	
Next Fiscal Year Estimate		Next Fiscal Year Estimate	
Dec2017	\$0.75	Dec2017	-\$0.51
Dec2016	-\$0.47	Dec2016	-\$0.97
Dec2015	-\$2.89	Dec2015	-\$0.99
Dec2014	-\$1.02	Dec2014	-\$0.01
Dec2013	\$1.24	Dec2013	\$0.41
Dec2012	\$0.00	Dec2012	\$0.00
Dec2011	\$0.00	Dec2011	\$0.00
Dec2010	\$0.00	Dec2010	\$0.00
Dec2009	\$0.00	Dec2009	\$0.00
Dec2008	\$0.00	Dec2008	\$0.00
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 6/1/2018	
Dec2000	\$0.00	Total Current Assets	\$364,800,000
Dec1999	\$0.00	Total Current Liabilities	\$142,400,000
Dec1998	\$0.00	Long-Term Debt	\$196,100,000
		Total Assets	\$1,552,700,000
		Intangible Assets	\$947,900,000
		Total Liabilities	\$410,100,000
		Shares Outstanding (Diluted Average)	90,732,000





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 [Knowles Corp Valuation – Initial Coverage \\$KN](#)

ModernGraham
posts about the
company

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