

ModernGraham Valuation

Lannett Company,
Inc.



Company Name:

Company Ticker LCI

Date of Analysis

8/28/2018

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	\$210,978,579	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
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	400.00%	Pass
6. Moderate PEmg Ratio	PEmg < 20	3.86	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	0.35	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	2.56	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	2.47	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	\$1.44
MG Growth Estimate	15.00%
MG Value	\$55.36
MG Value based on 3% Growth	\$20.85
MG Value based on 0% Growth	\$12.22
Market Implied Growth Rate	-2.32%

MG Opinion

Current Price	\$5.55
% of Intrinsic Value	10.02%
Opinion	Undervalued
MG Grade	C+

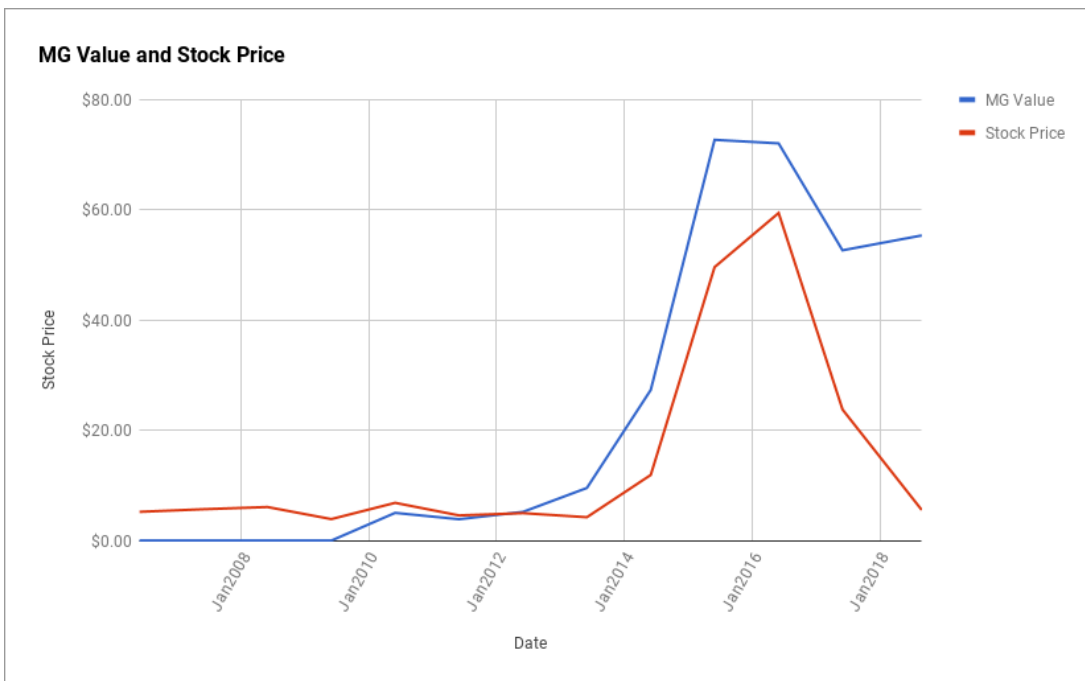
Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$12.24
Graham Number	\$23.90
PEmg	3.86
Current Ratio	2.56
PB Ratio	0.35
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	\$1.67	Next Fiscal Year Estimate	\$1.44
Jun2017	-\$0.02	Jun2017	\$1.37
Jun2016	\$1.20	Jun2016	\$1.87
Jun2015	\$4.04	Jun2015	\$1.89
Jun2014	\$1.62	Jun2014	\$0.71
Jun2013	\$0.46	Jun2013	\$0.25
Jun2012	\$0.14	Jun2012	\$0.14
Jun2011	-\$0.01	Jun2011	\$0.10
Jun2010	\$0.31	Jun2010	\$0.13
Jun2009	\$0.27	Jun2009	-\$0.06
Jun2008	-\$0.10	Jun2008	-\$0.21
Jun2007	-\$0.29	Jun2007	-\$0.19
Jun2006	\$0.21	Jun2006	-\$0.07
Jun2005	-\$1.36	Jun2005	-\$0.11
Jun2004	\$0.63	Jun2004	\$0.46
Jun2003	\$0.58	Jun2003	\$0.33
Jun2002	\$0.36	Jun2002	\$0.19
Jun2001	\$0.14	Balance Sheet Information 3/1/2018	
Jun2000	\$0.08	Total Current Assets	\$521,770,000
Jun1999	\$0.07	Total Current Liabilities	\$203,631,000
Jun1998	\$0.05	Long-Term Debt	\$784,689,000
		Total Assets	\$1,597,491,000
		Intangible Assets	\$760,148,000
		Total Liabilities	\$990,519,000
		Shares Outstanding (Diluted Average)	38,287,000





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 [Lannett Company Inc Valuation – Initial Coverage \\$LCI](#)

Other ModernGraham posts about related companies

- [Spectrum Pharmaceuticals Inc Valuation – August 2018 \\$SPPI](#)
- [Akorn Inc Valuation – July 2018 \\$AKRX](#)
- [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](#)